

September 2019 Financial Education Session

**A
Place of
Possibility**



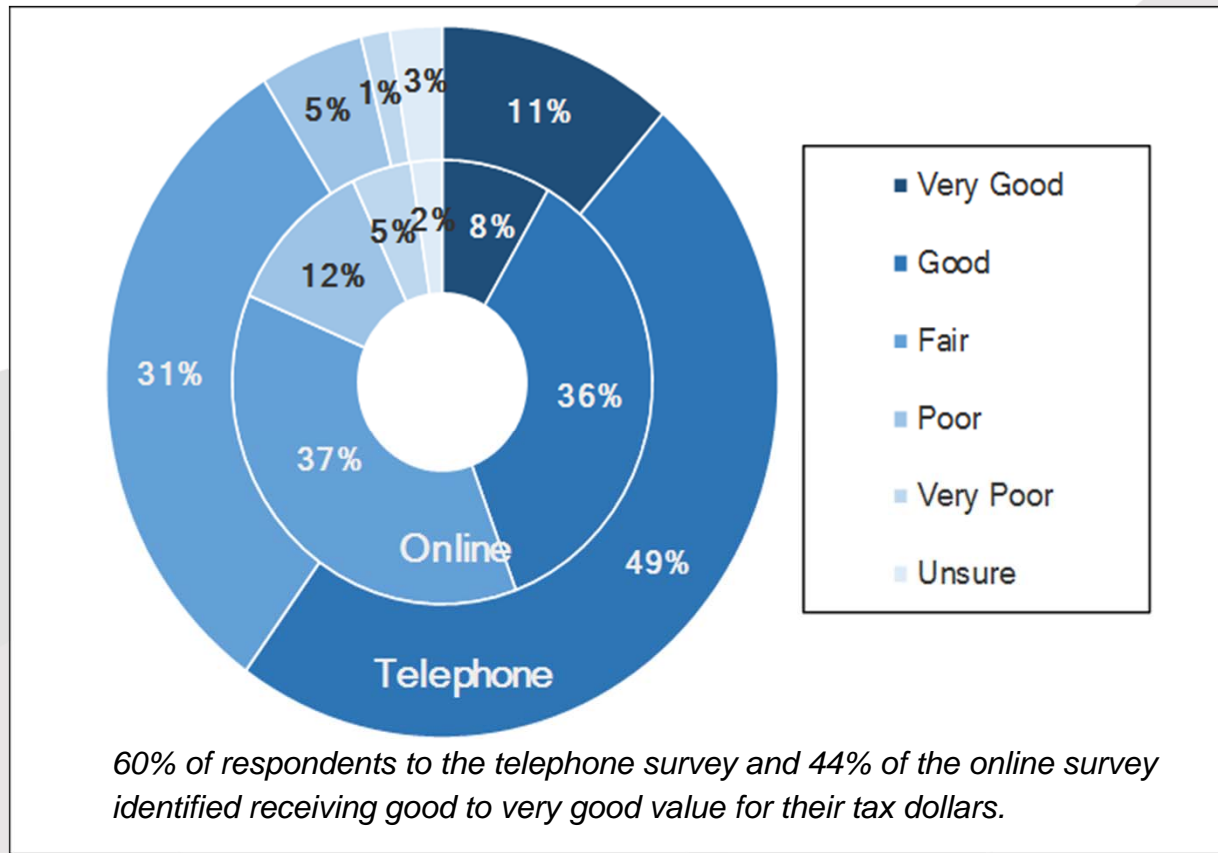
MILTON

2020 Budget Call

- Financial Context / Landscape
- Projected Pressures
- Provincial Considerations
- Recommendations
- Next Steps

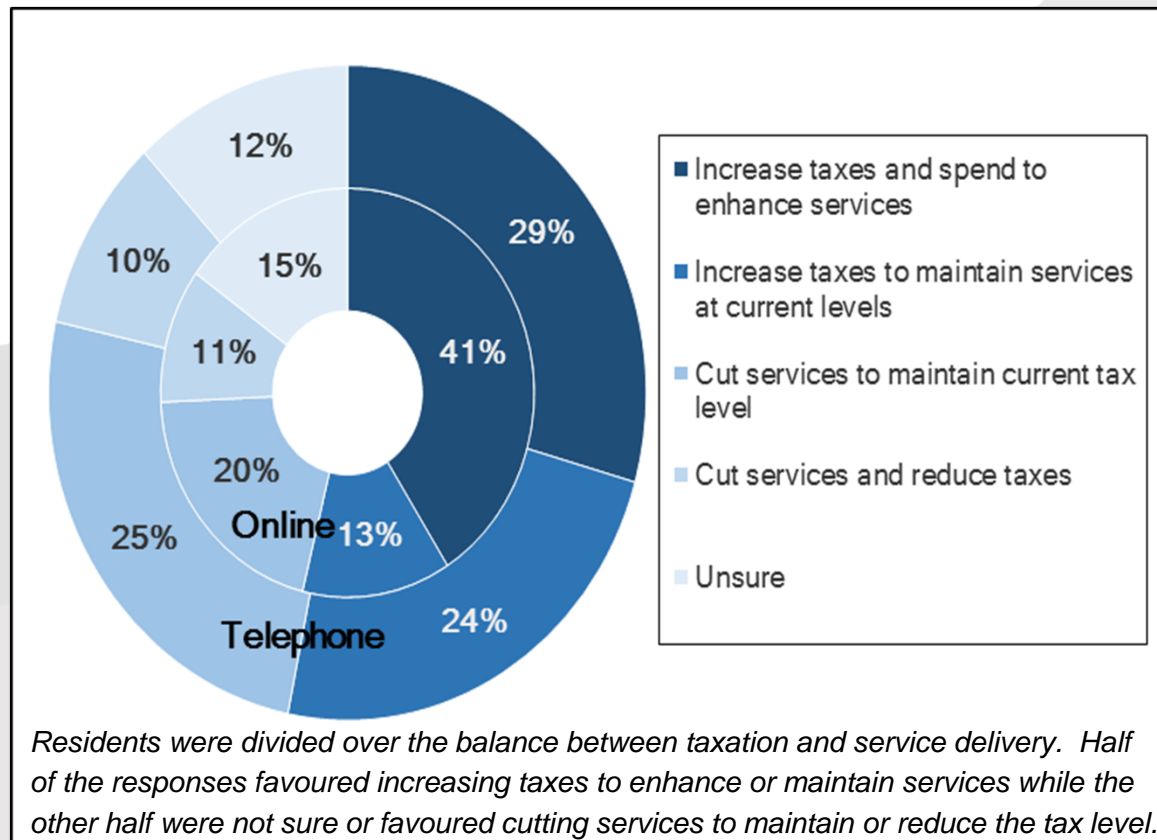
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Figure 1 - Value Received for Tax Dollar Responses



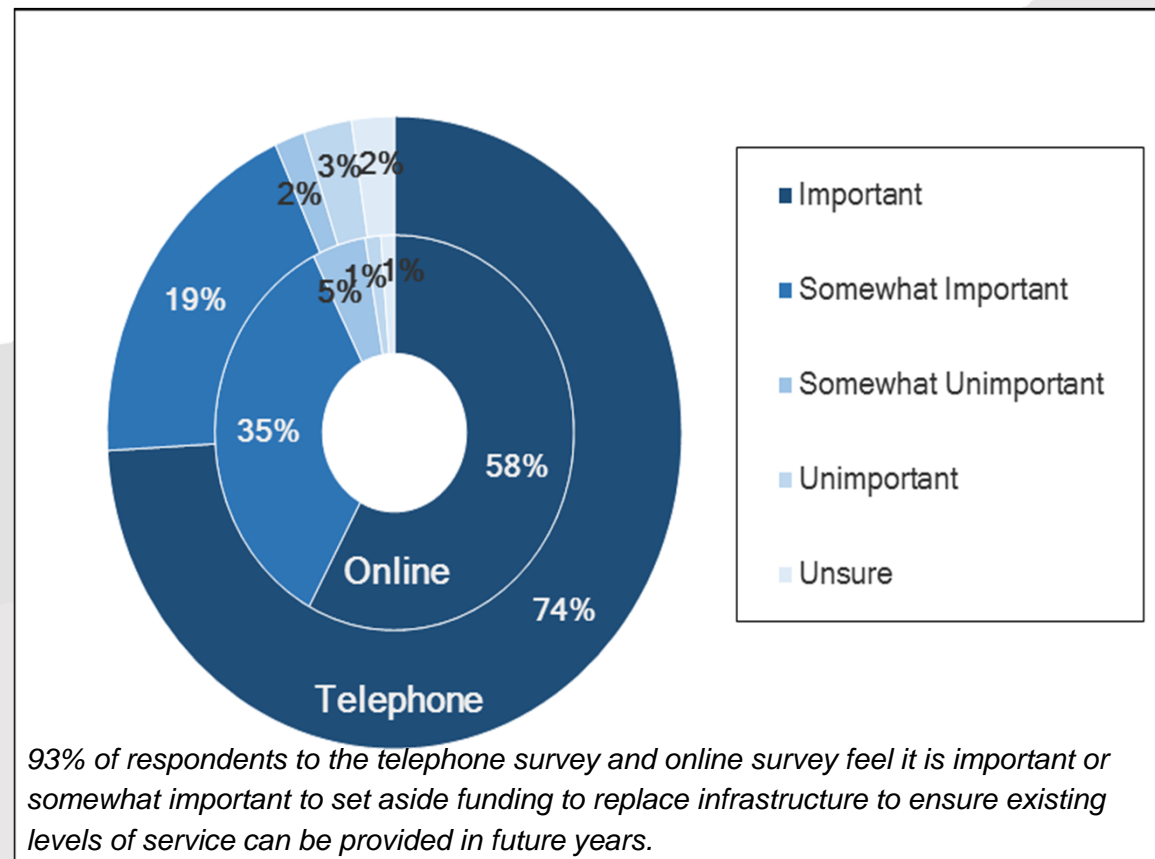
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Figure 2 - Balancing Service Levels with Taxation Responses



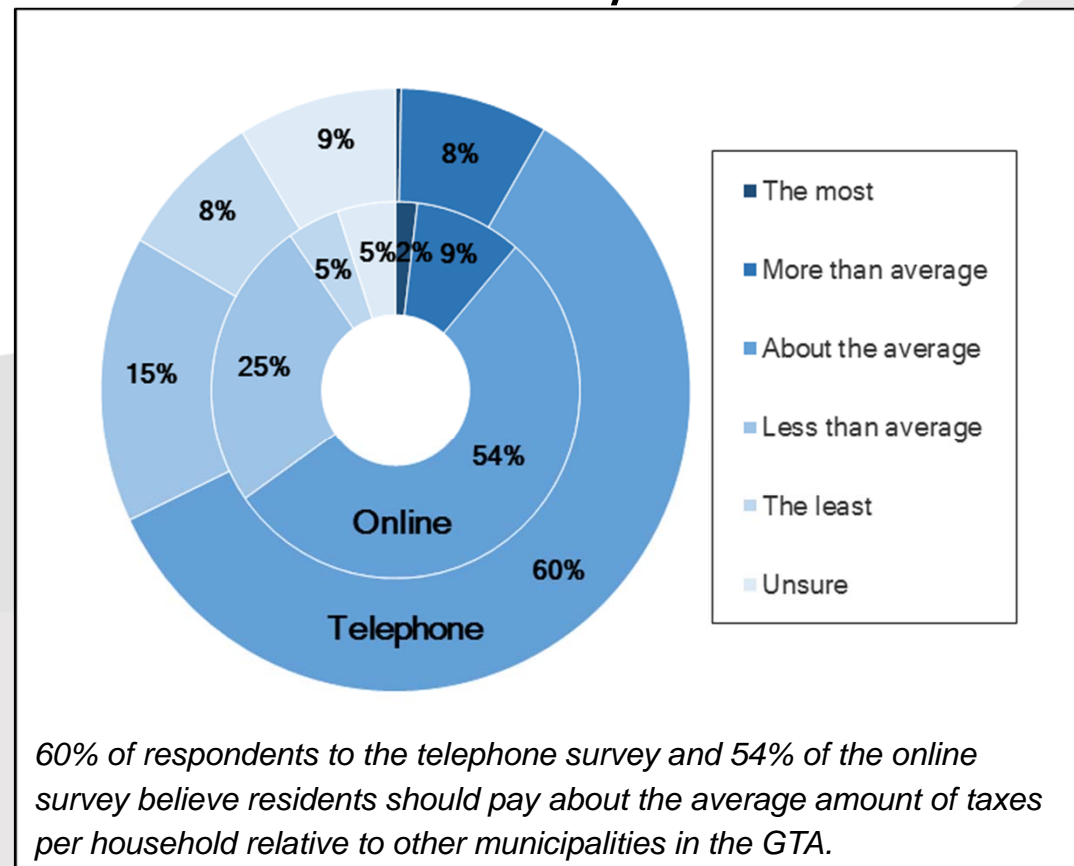
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Figure 3 - Saving for Future Infrastructure Replacement



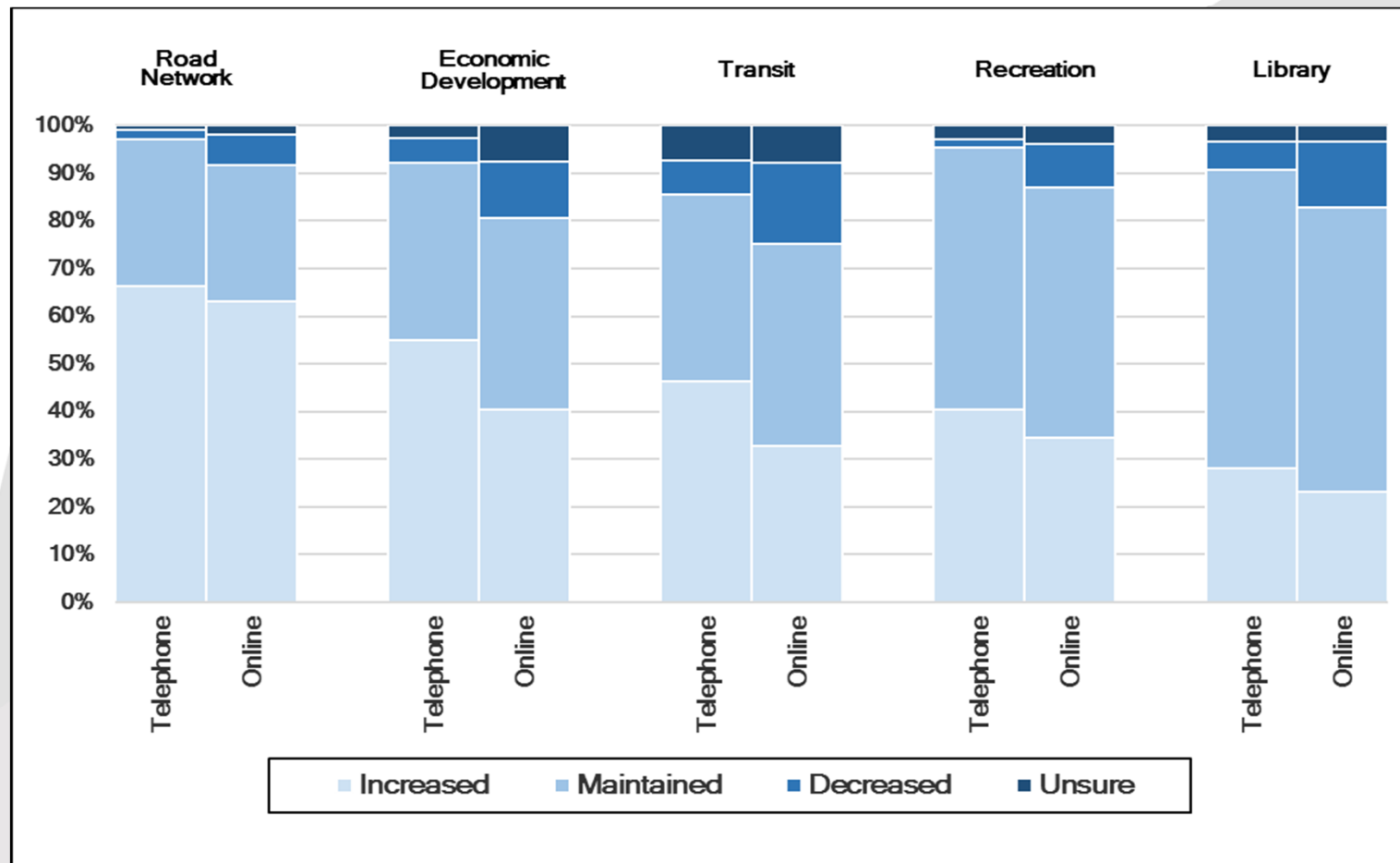
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Figure 4 - Positioning of Milton property taxes relative to other GTA Municipalities



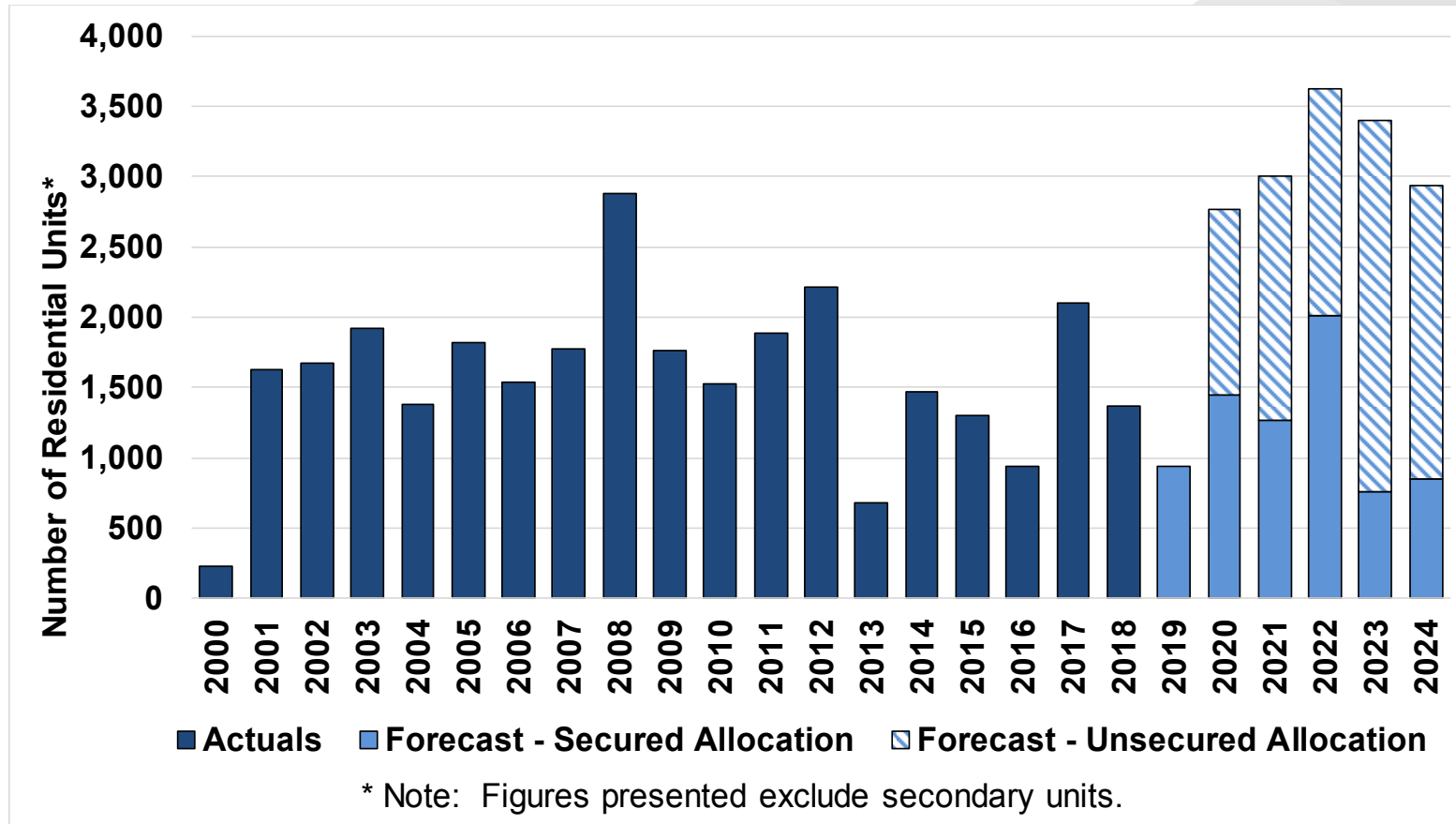
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Figure 5 - Feedback on Individual Services



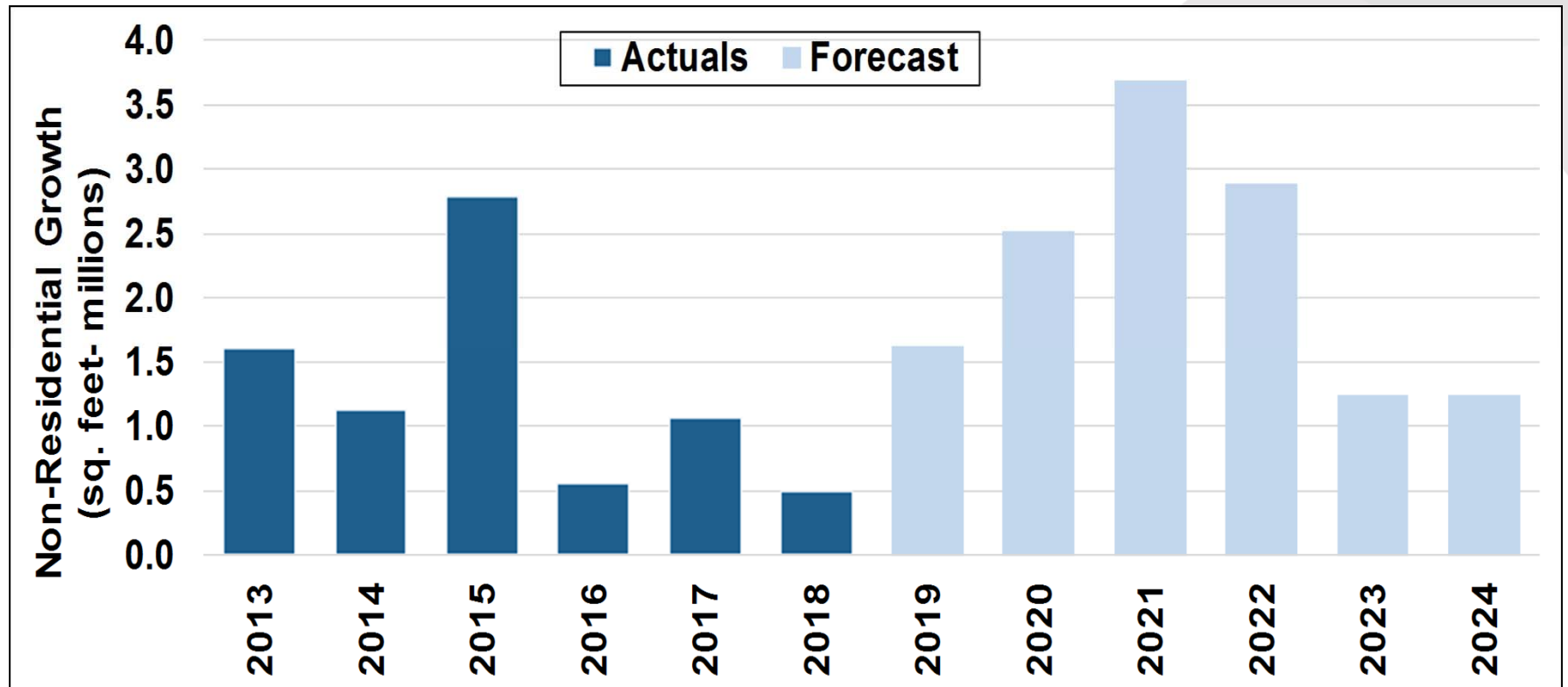
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Figure 6 - Town of Milton Residential Growth



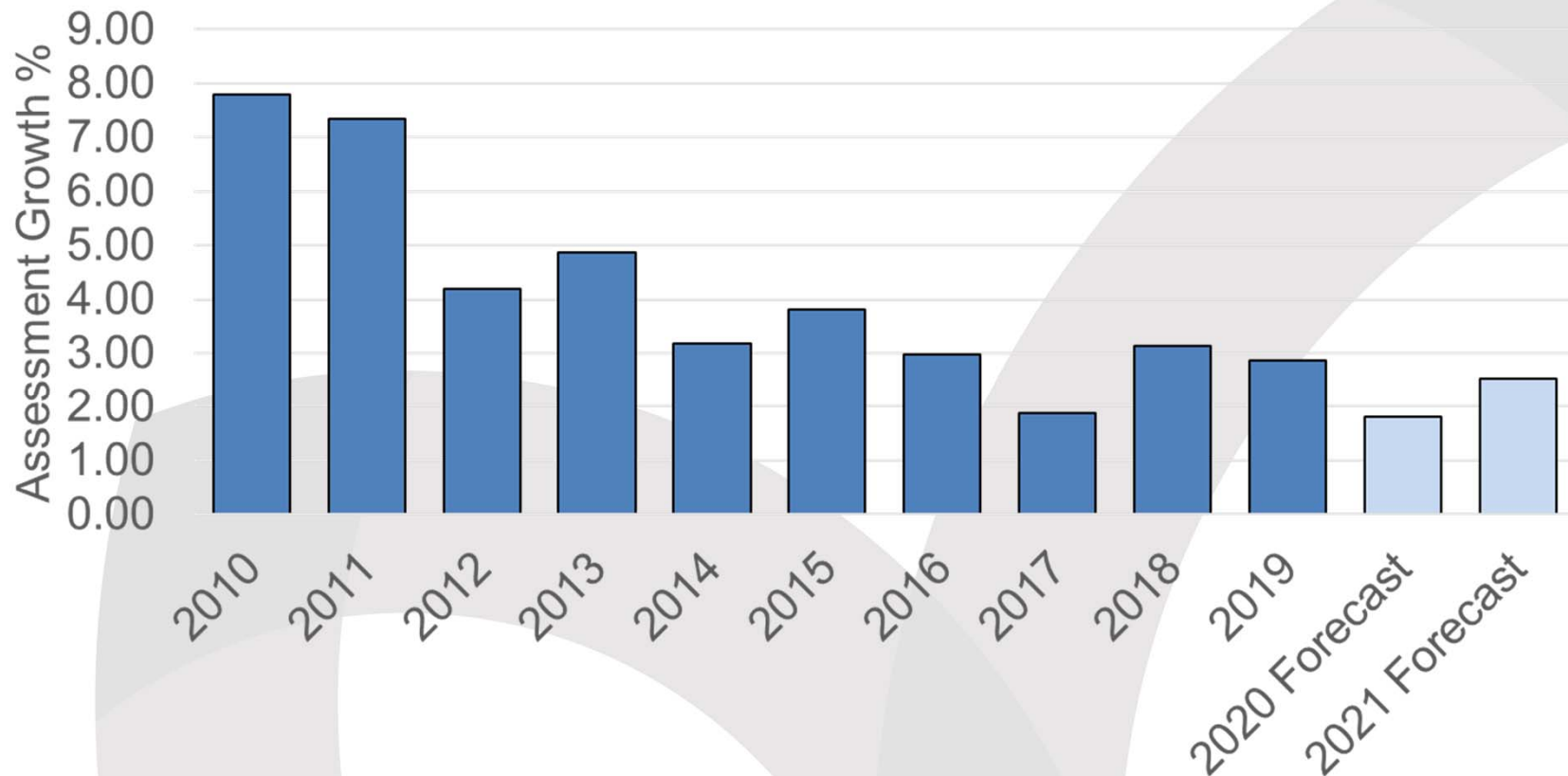
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Figure 7 - Town of Milton Non-Residential Growth



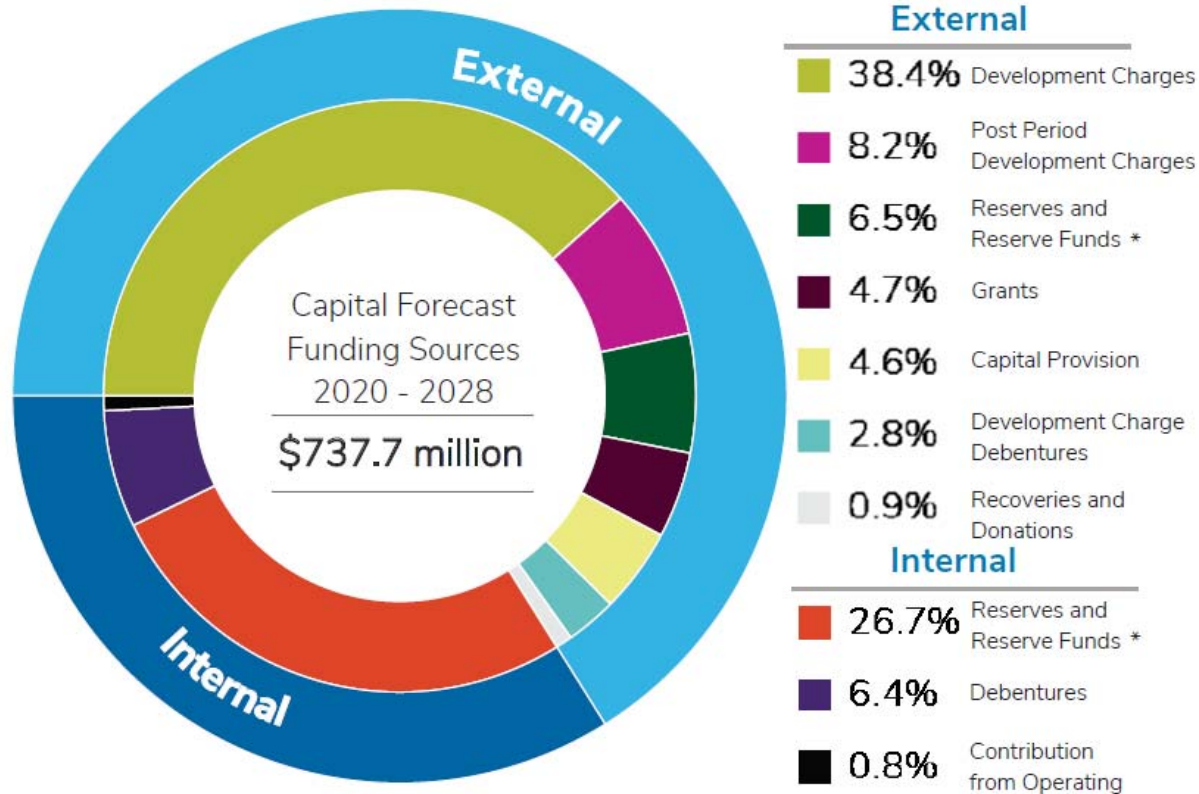
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Assessment Growth History



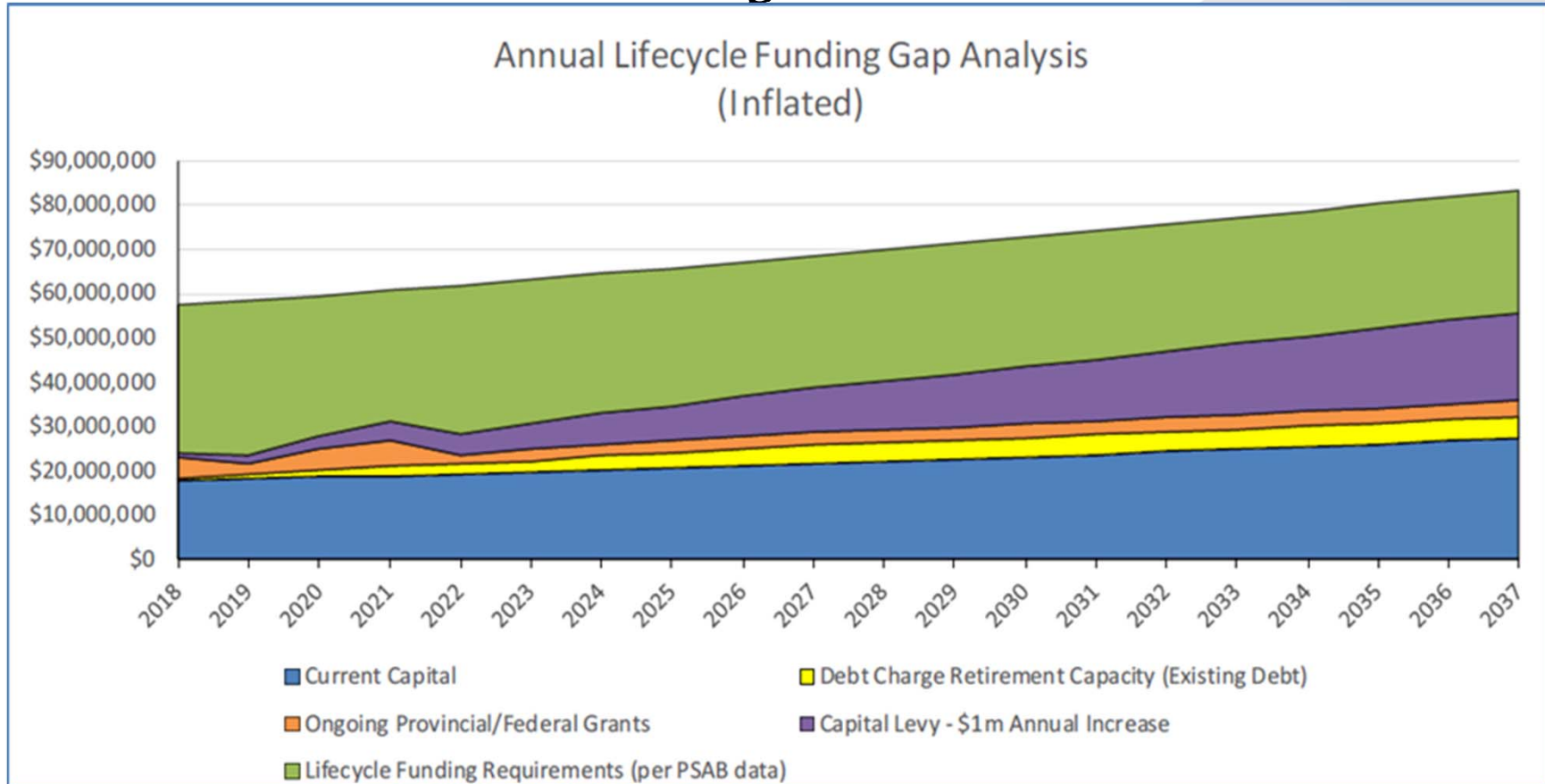
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9 Year Forecast from 2019 Approved Budget



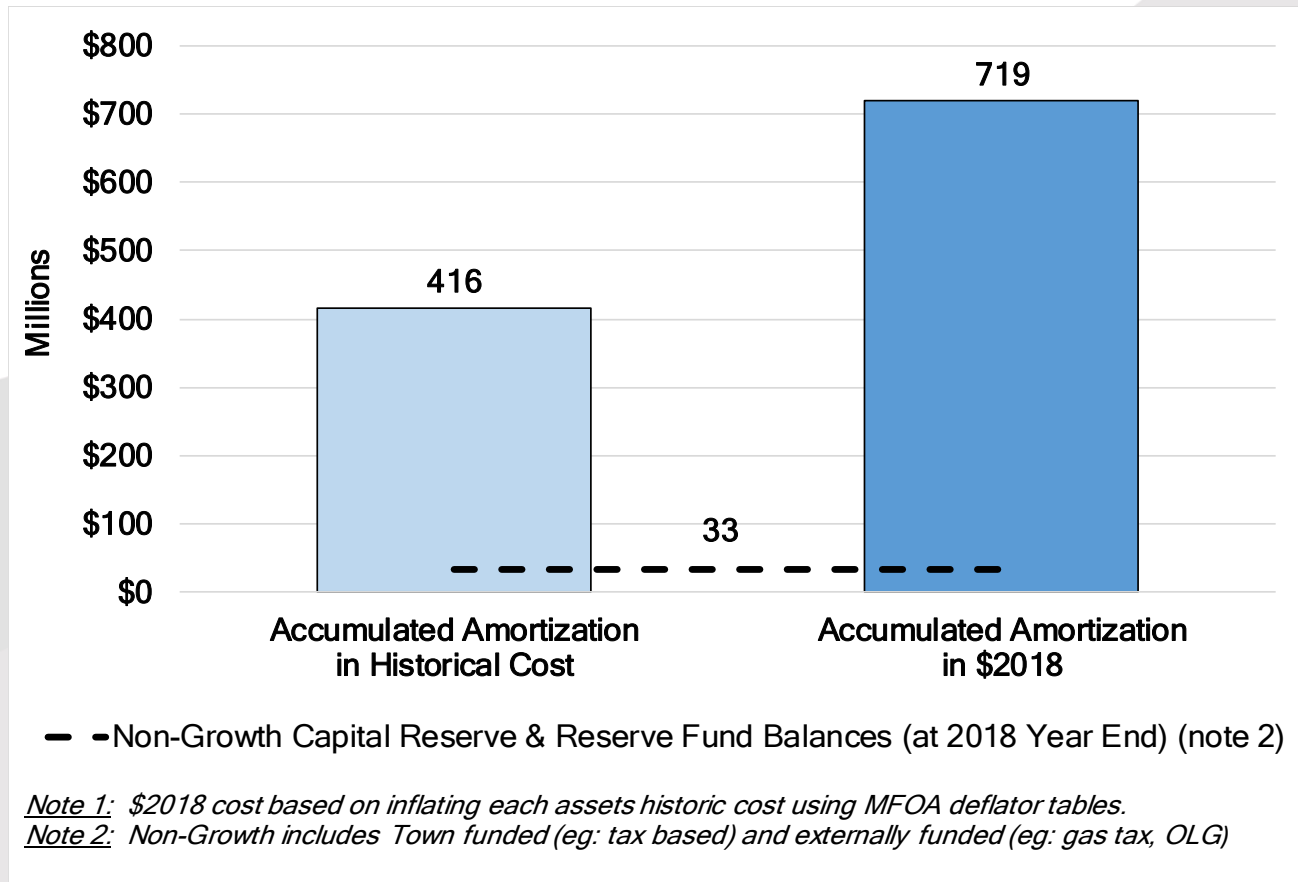
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Figure 8 - Lifecycle Funding Gap Analysis from the 2017 Asset Management Plan



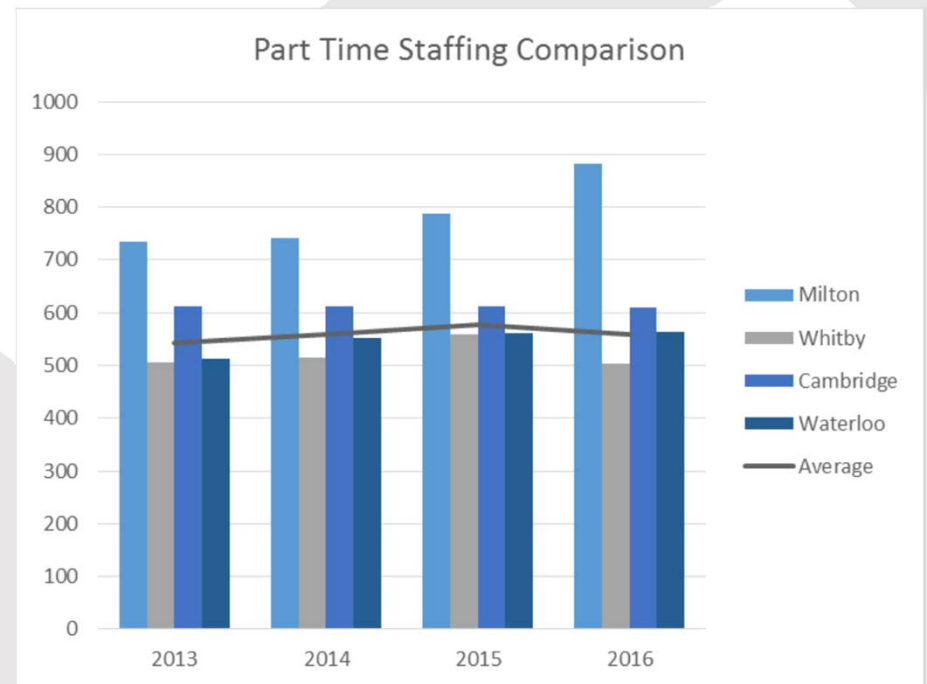
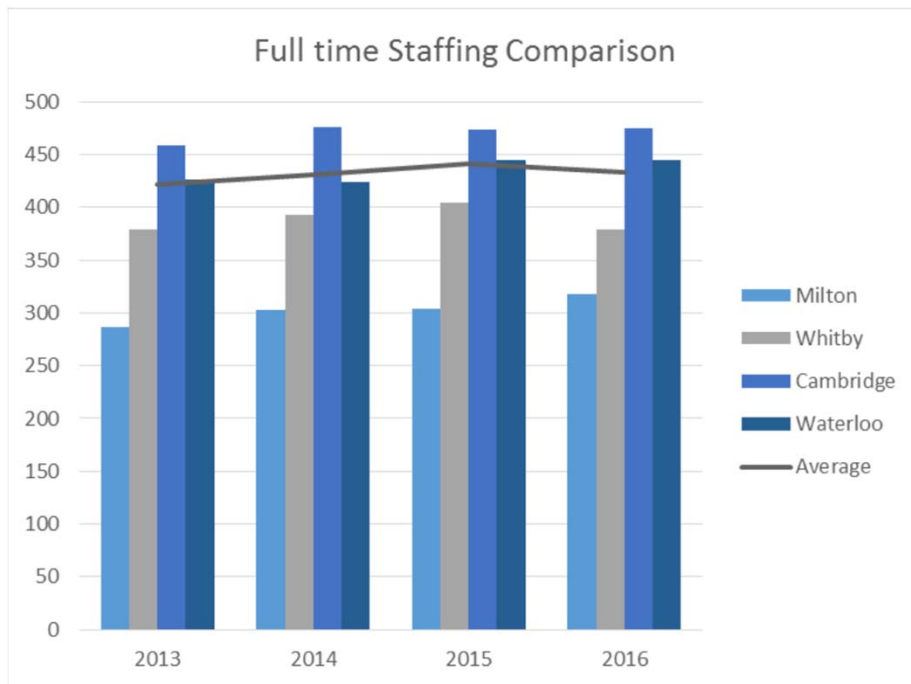
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Figure 9 - Measure of Infrastructure Renewal Funding Status



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Staffing Level Analysis per CORS-043-17



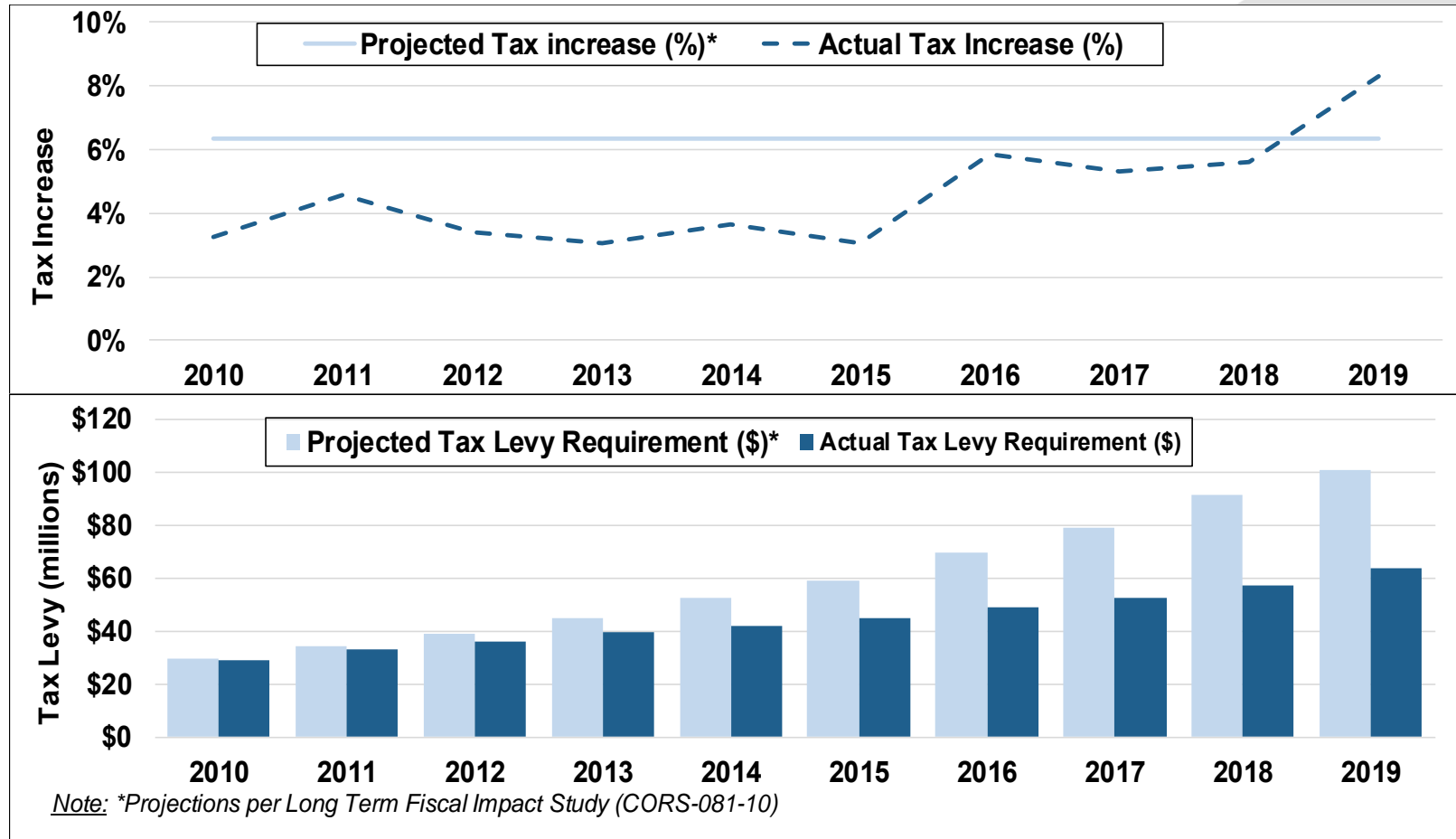
Component	2020			2021		
	Net Levy Impact \$ (000's)	Residential Tax		Net Levy Impact \$ (000's)	Residential Tax	
		per \$100K of Assessment*	% Change		per \$100K of Assessment*	% Change
Prior Year Tax Levy	\$63,605	\$248.08		\$71,272	\$270.95	
Inflation and Base Adjustments:						
Inflation (MPI)	\$2,332	\$8.86	3.57%	\$2,450	\$9.15	3.38%
Non-recurring & Reversal of One-Time Transfers	\$109	\$0.41	0.17%	\$0	\$0.00	0.00%
Infrastructure Deficit	\$1,000	\$3.80	1.53%	\$1,000	\$3.73	1.38%
Total Inflation and Base Adjustments	\$3,441	\$13.08	5.27%	\$3,450	\$12.88	4.75%
Growth Related:						
Sherwood Community Centre & Branch Library	\$426	\$1.62	0.65%	(\$60)	(\$0.22)	-0.08%
Fire Station No. 5	\$502	\$1.91	0.77%	\$420	\$1.57	0.58%
Expanded Service Delivery to Growth Areas	\$976	\$3.71	1.50%	\$2,320	\$8.66	3.20%
State of Good Repair for Constructed & Assumed Assets	\$2,025	\$7.70	3.10%	\$1,613	\$6.02	2.22%
Other Growth-Related Impacts	\$297	\$1.13	0.46%	\$135	\$0.50	0.19%
Total Growth Related	\$4,226	\$16.07	6.48%	\$4,428	\$16.53	6.10%
Total Increase in Levy	\$7,667	\$29.15	11.75%	\$7,878	\$29.41	10.85%
Total Tax Levy	\$71,272	\$277.23		\$79,150	\$300.35	
Estimated Assessment Growth (net of reductions)**	(\$1,653)	(\$6.28)	-2.53%	(\$1,310)	(\$4.89)	-1.80%
Forecasted Net Tax Levy Increase Required	\$6,014	\$270.95	9.22%	\$6,568	\$295.46	9.05%

* Based on 2019 CVA values per 2019 Final Tax Levy By-law and Tax Policy update, CORS-026-19. Through the annual tax setting bylaw tax rates are re-calculated each year using current year assessment values.

** This is the amount net of anticipated losses from Assessment Review Board appeals, Request for Reconsiderations, and Section 357 Applications (tax class changes, properties razed by fire, etc.).

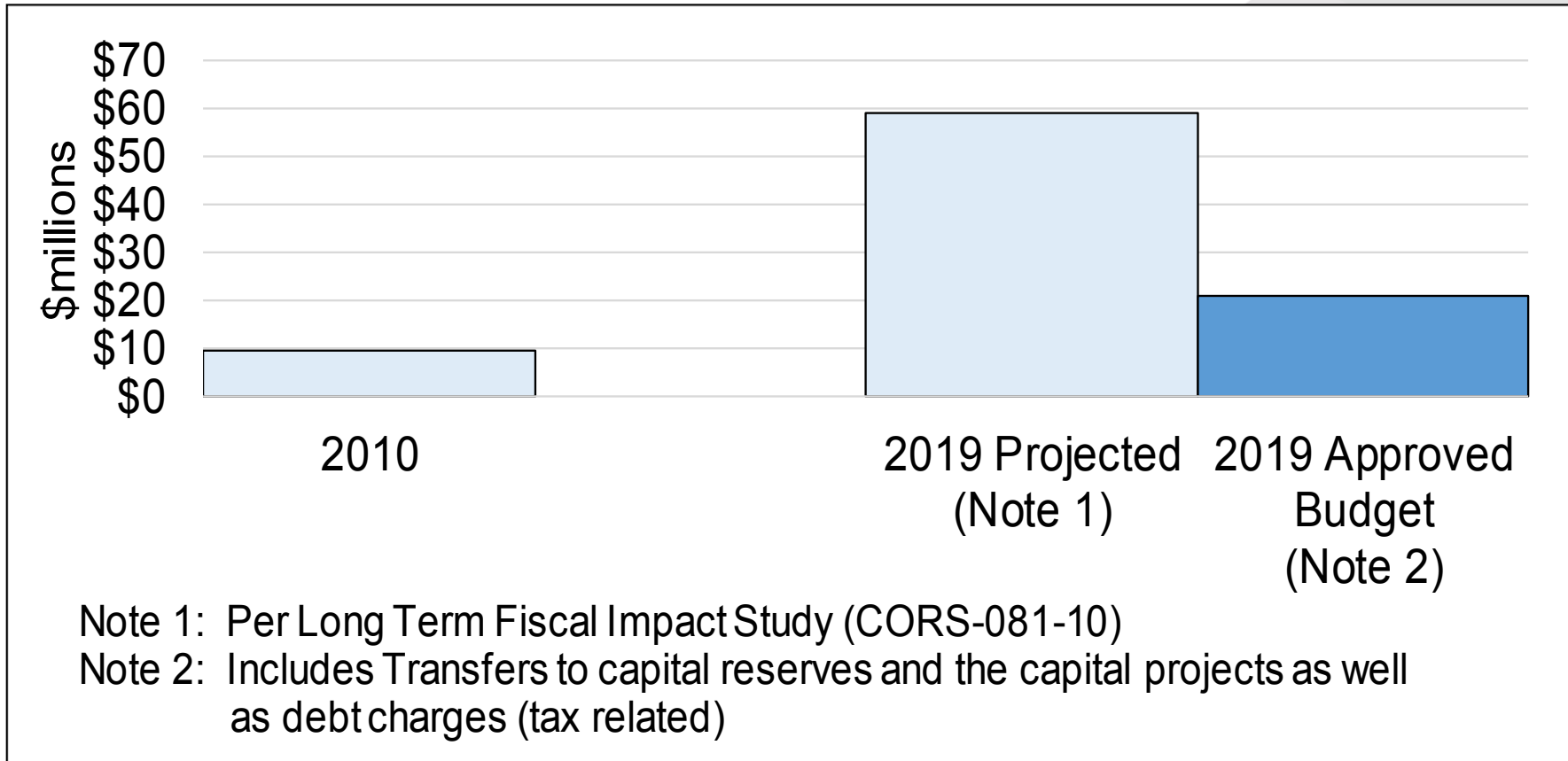
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Figure 10 - Historical Tax Levy Trend (2010 to 2019)



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Figure 11 - Capital Funding from Tax Base



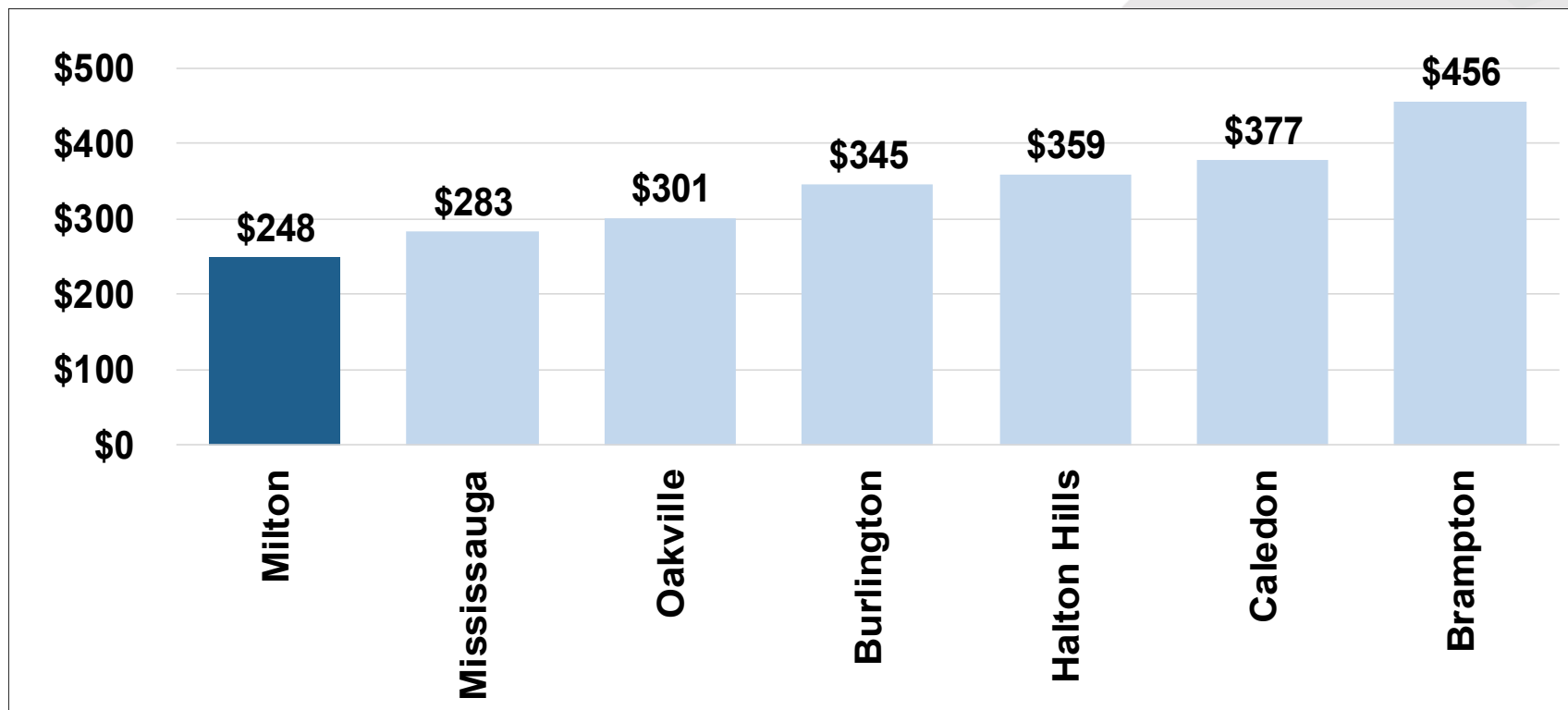
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Figure 12: 5-Year Historical Net Budget Variance Trend

	2014	2015	2016	2017	2018	Average
Variance (\$Millions)	-\$0.03	\$1.48	\$0.61	\$0.92	\$1.40	\$0.9
% Variance to Net Budget	-0.1%	3.3%	1.3%	1.8%	2.4%	1.7%
% Variance to Gross Budget	0.0%	1.4%	0.6%	0.8%	1.1%	0.8%

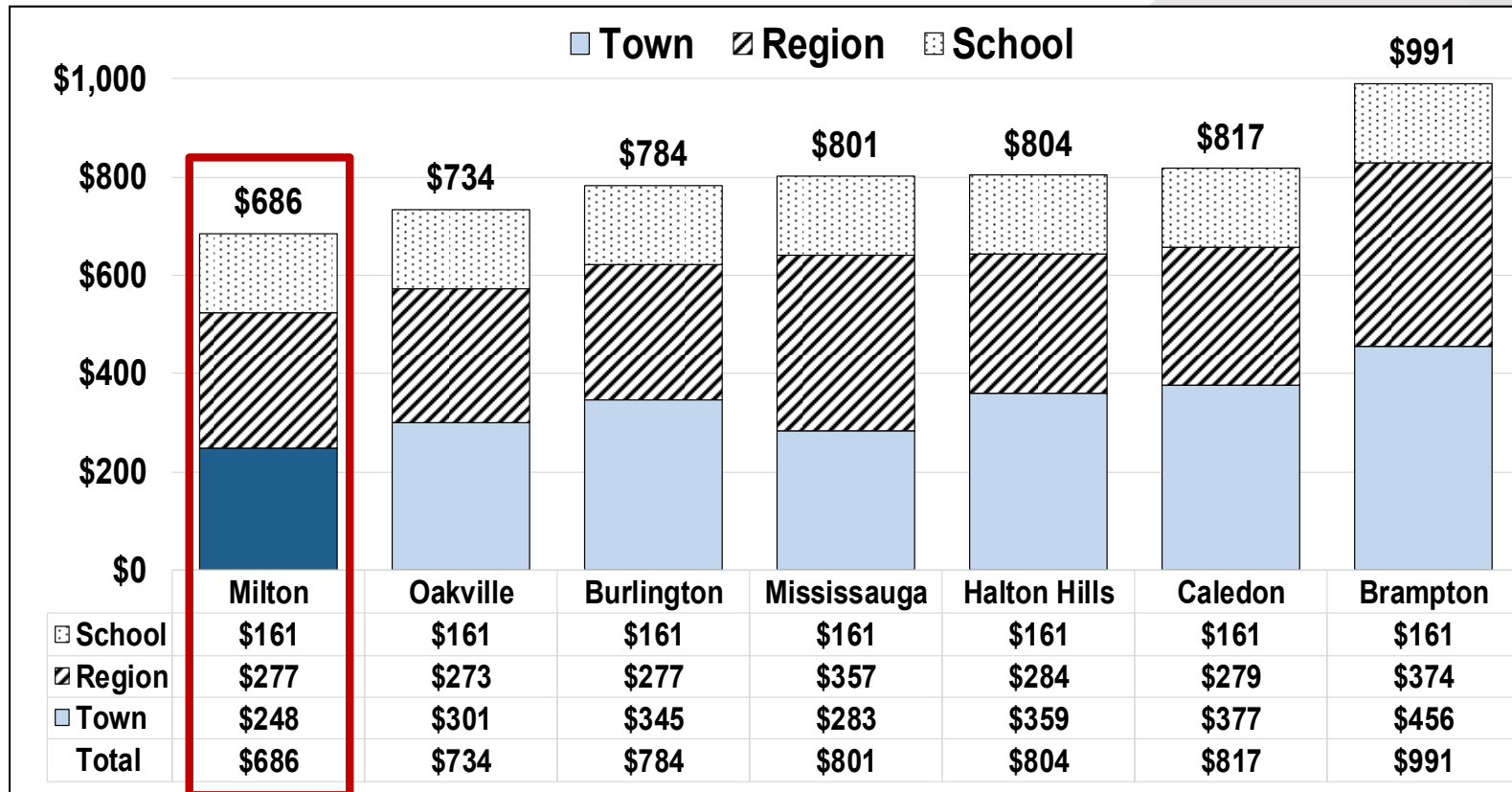
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Figure 13 - 2019 Local Residential Tax Comparison (per \$100,000 of assessment)



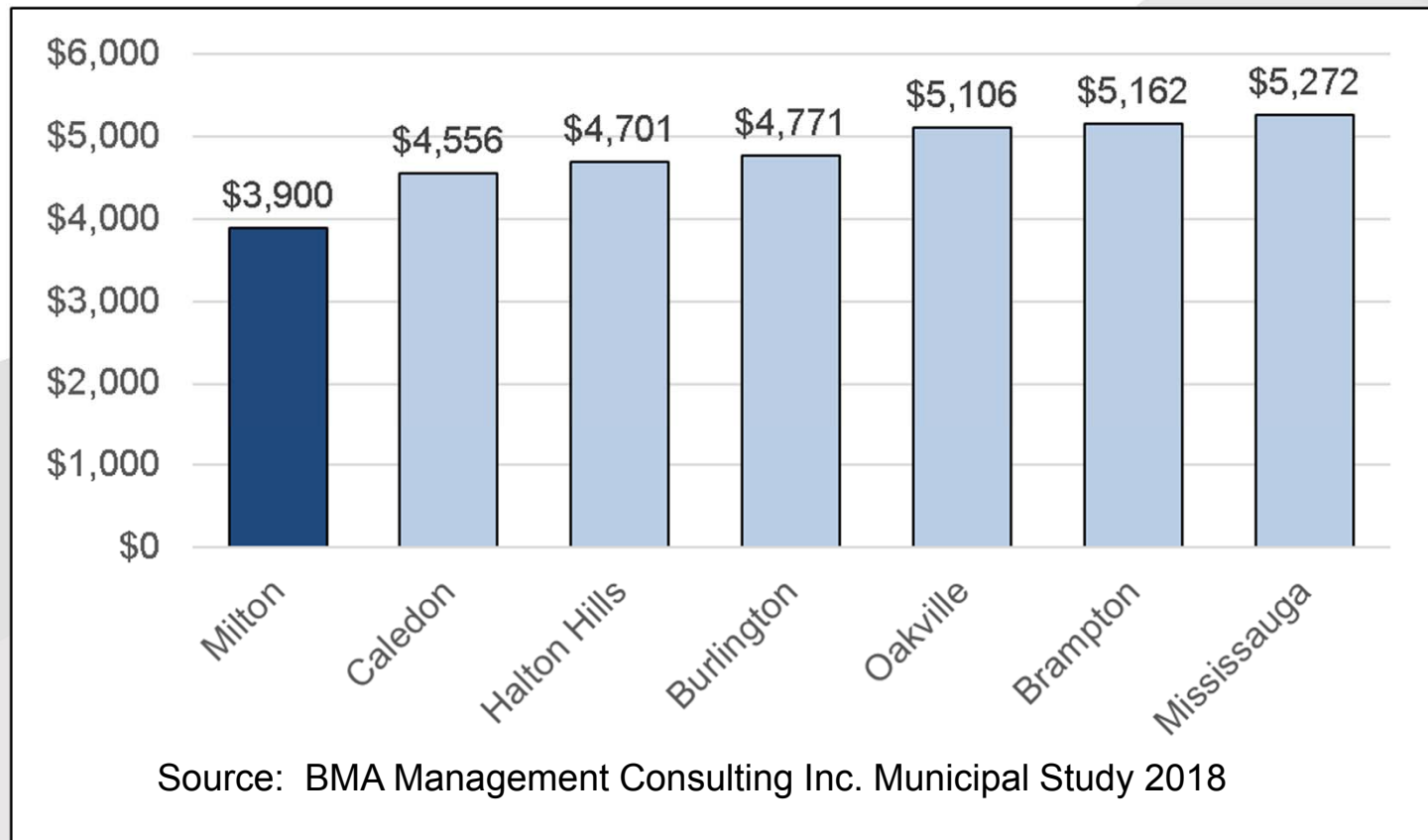
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Figure 14 - 2019 Total Property Taxes (per \$100,000 of assessment)



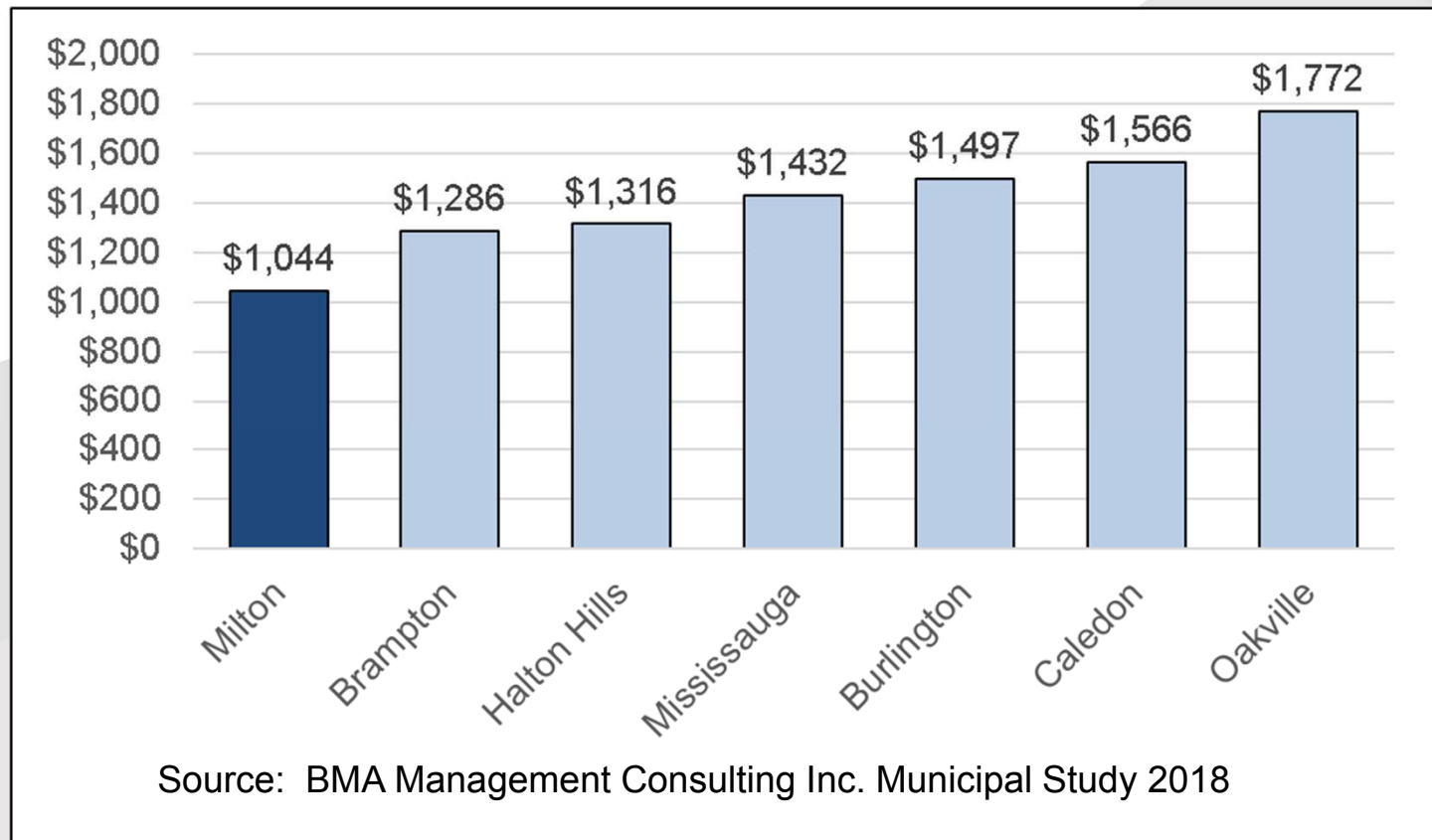
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Figure 15 - 2018 Residential Property Taxes for a 2 Storey Home



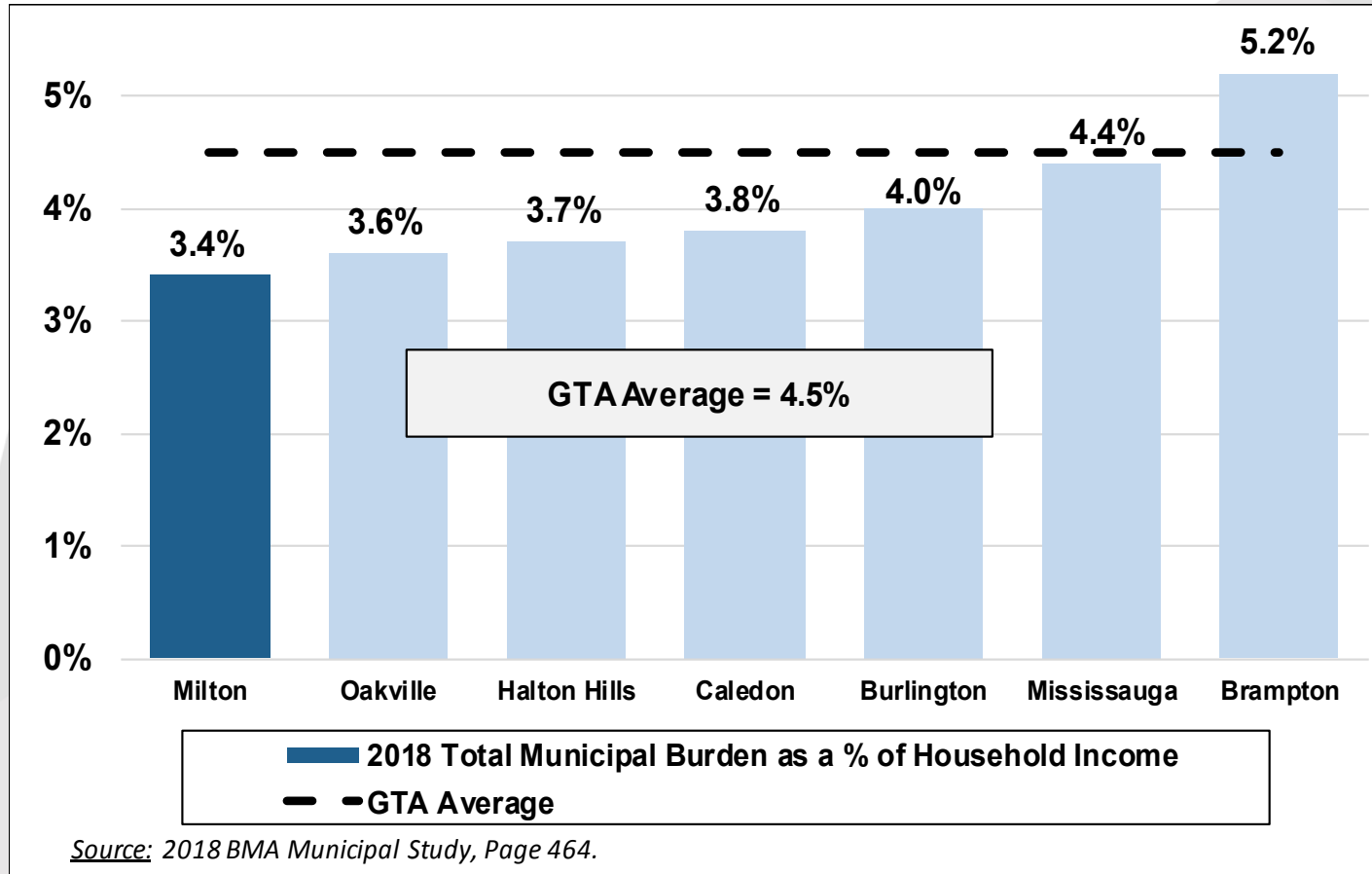
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Net Municipal Levy per Capita



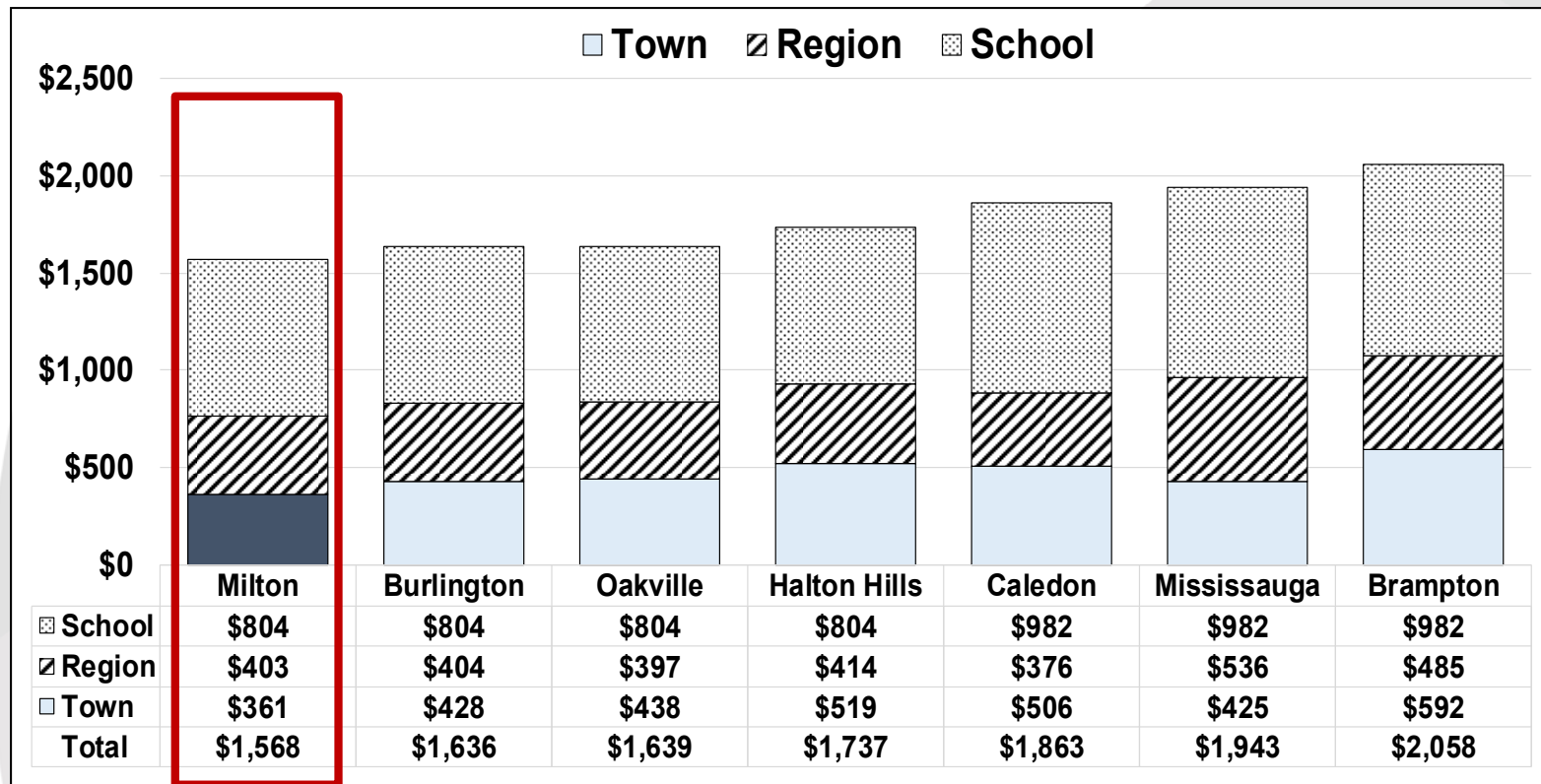
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Figure 16 - 2018 Total Municipal Burden as a % of Household



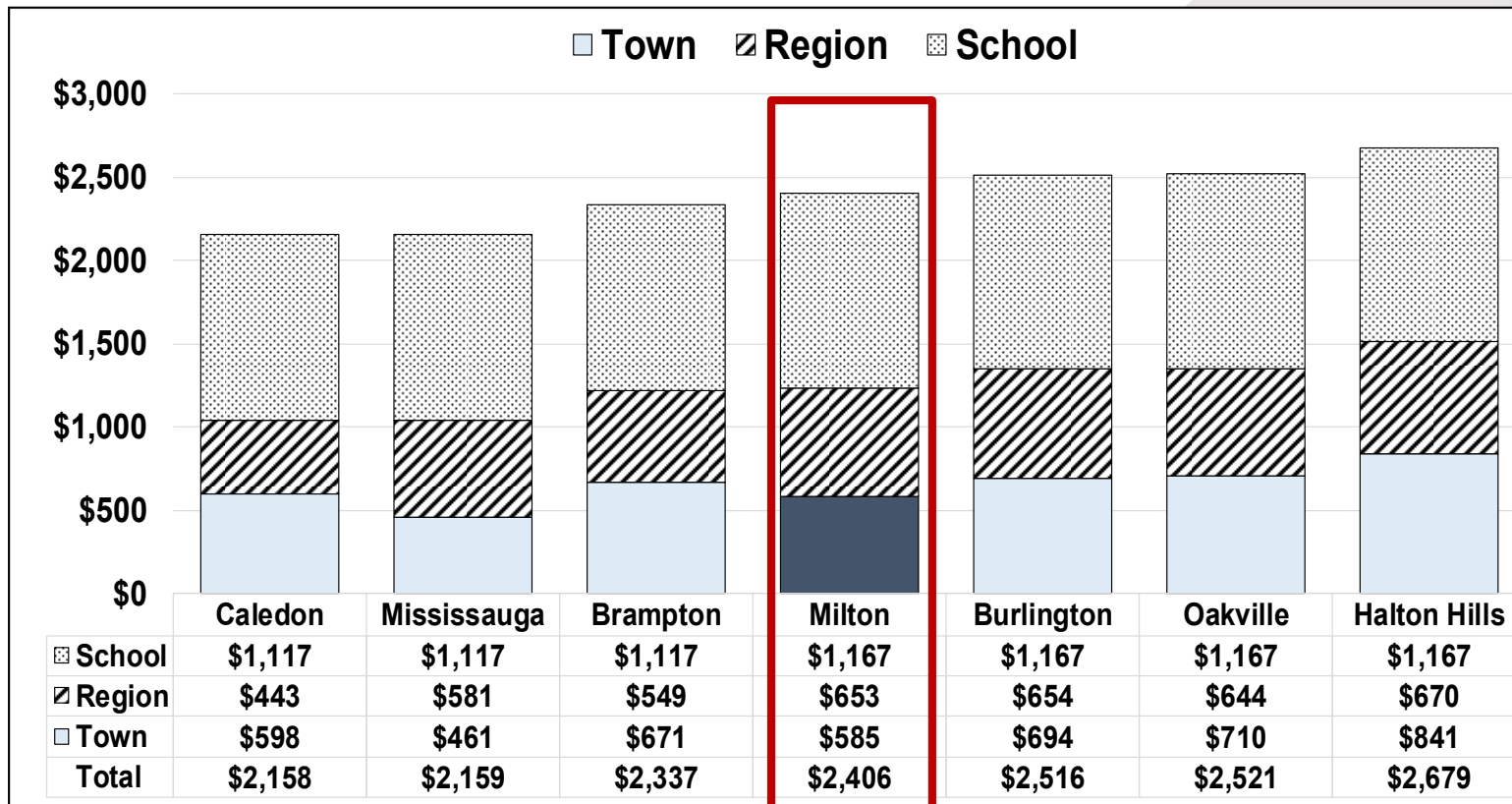
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Figure 17 - 2019 Commercial Tax Rate Comparison (per \$100,000 of assessment)



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Figure 18 - 2019 Industrial Tax Rate Comparison (per \$100,000 of assessment)



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- Other Considerations include:
 - User fees account for 21% of the funding in 2019
 - They have already been adjusted for 2020 via CORS-044-19, including MPI and additional phase-ins
 - Service Delivery Review and Master Plans
 - Provincial Reviews & Legislative Changes

2020 Budget Call - Recommendations

- Context & Approach:
 - First priority is trying to provide the information that Council will need for decision making
 - Focus is on the balance between service levels, affordability and sustainability
 - Staff will deliver a final budget package that meets the targets established by Council

2020 Budget Call - Recommendations

1. THAT the 2020 Capital and Operating Budgets and Forecasts be prepared in alignment with the Town's Council-approved strategic plans and long-term studies (example: Destiny Milton 3, Official Plan, Asset Management Plan, Fiscal Impact Studies, etc.)

2020 Budget Call - Recommendations



**Community Vision and
Priorities**

**Principles of Financial
Strength and Stability**

Policy Framework

Master Planning & Strategy

Budget Process

**Service Delivery &
Performance Measures**

2020 Budget Call - Recommendations

2. AND THAT in recognition of the cost pressures, and consistent with the results of the 2018 and 2019 Budgets, staff be directed to limit the number of service level increases proposed for 2020

2020 Budget Call - Recommendations

3. AND THAT in recognition of the funding pressures as well as the current uncertainty with respect to the regulations related to recently approved Provincial legislation (example - Bill 108), that staff be directed to limit the amount of growth-related capital initiatives that will be included in the capital program for the year 2020

2020 Budget Call - Recommendations

4. THAT in order to support Council in its deliberation, the following be provided as part of the Proposed Budget document:

- identification of the cost pressures associated with the existing service levels
- identification of the financial impacts associated with Council's directions related to the Service Delivery Review (ES-015-19) and the Transit Master Plan (ENG-021-19)
- options to reduce the tax levy impact for the year 2020 based primarily on the Decision Packages included in the 2019 Budget process along with any new opportunities identified throughout 2019.

2020 Budget Call - Recommendations

Other alternatives available to Council:

AND THAT staff be directed to prepare and submit the 2020 Operating Budget with a range of residential tax impacts between X% and X%

or

AND THAT staff be directed to prepare and submit the 2020 Operating Budget with a residential tax impacts of X%

2020 Budget Call - Recommendations

5. AND THAT staff be directed to present to Council a multi-year budget strategy that will both:

- ensure that the Town's local residential property tax per household remains the lowest in Halton Region, and
- reduce the magnitude of difference between local residential property tax per household in Milton relative to the neighbouring municipalities in Halton and the Greater Toronto Area.

2020 Budget Call - Recommendations

Observations:

- Services are important
 - demonstrated in survey results and Council decision
- Sustainability is also important
 - analysis suggests infrastructure deficit exists
- Positioning of Milton's taxation & service levels
 - majority of residents indicated a preference for Milton to be positioned around the average level of taxation in the GTA
- The year-to-year percentage change in budget is important, but so too is the Town's overall positioning and the Town's ability to sustainably fund the services requested by the community

2020 Budget Call - Recommendations

Example for illustration purposes:

- The Town could choose to track the movement in the tax rates to the lower of Burlington & Halton Hills as their average assessment values are similar to Milton.
 - The Town of Milton's cost per \$100,000 for local residential taxes is currently 28% less than that of the lower of those two
- Could establish a target % and a time frame to help mitigate annual changes

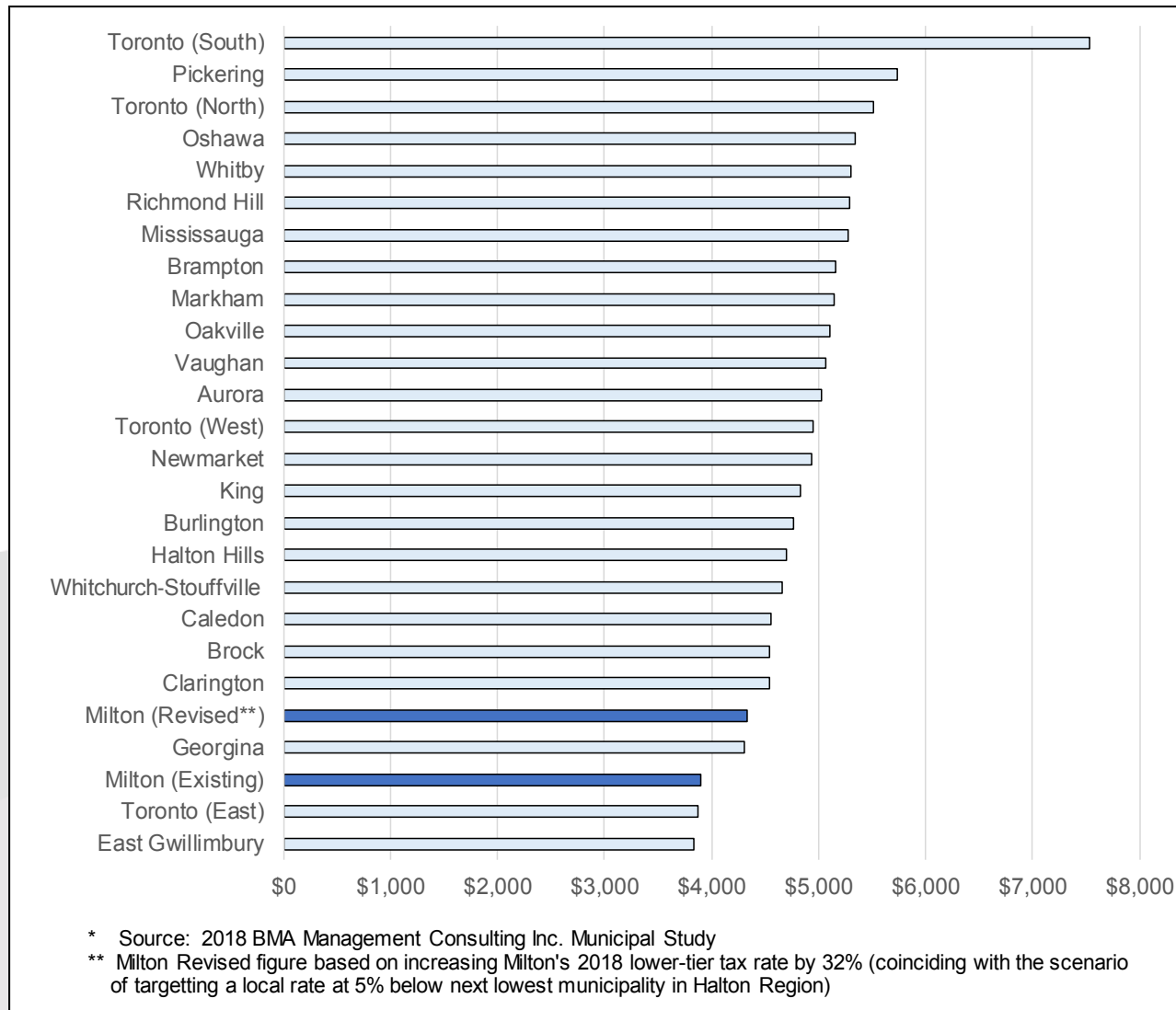
2020 Budget Call - Recommendations

*Scenario Analysis - Average Annual Residential Tax Rate Change**

		# Years of Phase In			
		Immediate	2 Years	4 Years	6 Years
Targeted % Lower than the next Lowest Municipality in Halton	20%	11.3% Local 4.1% Total	7.9% Local 3.7% Total	5.1% Local 2.7% Total	4.2% Local 2.4% Total
	15%	18.2% Local 6.6% Total	11.5% Local 5.0% Total	7.0% Local 3.4% Total	5.5% Local 2.8% Total
	10%	25.2% Local 9.1% Total	15.1% Local 6.3% Total	8.9% Local 4.0% Total	6.8% Local 3.3% Total
	5%	32.2% Local 11.6% Total	18.7% Local 7.6% Total	10.8% Local 4.7% Total	8.1% Local 3.8% Total

* For illustration purposes the total estimated annual change assumes 2.0% annual changes in Regional tax rate as well as the neighbouring local municipality's tax rate, and 0% in education tax rate.

*Figure 19: 2018 Residential Property Taxes for a 2 Storey Home in the GTA**







Questions?

Growth Financing

- Council has previously been provided several reports related to Bill 108
 - CORS-035-19 opposed Bill 108 and requested fulsome consultation prior to legislative advancement
 - CORS-047-19 outlined the regulations and provided authority for the Town to comment via the Environmental Registry Process

Impact to DC Services

Bill 108 Treatment	Service	Residential DC Rate	10 Year Revenue per DC Study	% of DC Rate
Remain in Development Charge Act	Roads	\$6,911	\$168M	38%
	Fire	\$449	\$12M	
	Transit	\$446	\$10M	
	Stormwater (Boyne)	\$84	\$1M	
New Community Benefit Charge (CBC)	Library	\$808	\$12M	53%
	Parks Development	\$4,765	\$73M	
	Recreation	\$5,339	\$82M	
Clarity to be Provided	Parking	\$330	\$7M	9%
	Public Works	\$1,150	\$21M	
	Administration	\$484	\$11M	

Impact to Planning Act Revenue

- Parkland Dedication is currently provided through S.42 of the Planning Act
 - 2% of land value for industrial/commercial and 5% of land value for all other
 - 1 hectare per 300 dwelling units alternative rate
 - 1 hectare per 500 dwelling units CIL rate
- Density Bonusing is currently provided through S.37 of the Planning Act
- Both of these will form part of CBC in future

DC Payment Timing

- DC rate will be established earlier in planning process
- Timing of DC Payments will change for Non-Residential & Affordable Housing
 - For services remaining in DC, Non-Residential accounts for 40% (\$76M) of eligible cost in DC Study
 - Will be collected now over 5 year period
 - Non-profit housing to be collected over 20 years

Community Benefit Charge (CBC)

- Will require approval of a CBC Strategy
- Charge cannot exceed a prescribed amount determined by formula
- Intent is to maintain municipalities' existing revenue levels
- Exempt developments - LT Care, Retirement Homes, Universities, Colleges, etc.
- No area specific rates
- Must be in place by January 1, 2021

Regulations & ERO Submissions

- Reiterated Milton's preferred alternative to existing legislation
- Specific feedback related to:
 - Timelines
 - Additional clarity / definitions
 - Additional administration costs
 - Capacity of land appraisal industry to support
 - Mitigating municipal risk
 - Etc.

CBC Formula

- Province has retained consultants and has a technical working group to establish formula
- Milton is participating in an MFOA working group that will help inform the process
- Milton has also responded to MMAH Survey
- Review of actual properties shows a very wide potential range of CBC rates
 - location, population density, bonusing, residential vs. non-residential, etc.

Next Steps

- Province to release draft formula related to the maximum CBC amount via ERO
- Municipalities are also hoping Province will release regulations in full detail for feedback
- As currently stands, transition from current DC Bylaw to CBC would need to occur in 2020
 - Town's existing DC By-law reaches 5-year limit in June 2021



Questions?