



# The Corporation of the Town of Milton

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Report To: Council

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From: M. Paul Cripps, P. Eng., Commissioner, Engineering Services

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Date: May 27, 2019

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Report No: ENG-016-19

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Subject: Tree Replacement Tax Receipt Program

**Recommendation:** THAT staff implement Option #3 as outlined in ENG-016-19, being a pooled funding approach towards applying donations to broad environmental initiatives such as street trees, woodland regeneration, riparian naturalization, creation of butterfly/bee/pollinator habitats, etc.

## EXECUTIVE SUMMARY

Over the past (approximately) seven years, the Town of Milton's urban forest has been ravaged by the Emerald Ash Borer. Through our Emerald Ash Borer (EAB) strategy, Town staff have been aggressively removing ash trees and replacing them at a financially manageable rate. The Town has taken a blended approach to removals and replacements of the ash trees. However, staff have focused more resources to the removal and mitigation of risk of the standing dead and dying trees over the replacement of the removed trees. As such, the public through Council have sought ways of accelerating the recovery efforts.

Three options for establishing a program based on utilization of donations for tree replacement have been outlined in this report for Council's consideration in response to Council resolution 111-19. Each of these options can be implemented within the Town's existing Charitable Donation Receipts policy framework, and are intended to be cost neutral (i.e. work undertaken not to exceed the donations received).

Staff are recommending Option #3 as outlined herein, which would pool funding collected via donation for investment in broad environmental initiatives (beyond strictly EAB). The fund may allow the Town to incrementally improve upon, grow and continue to diversify our urban forest.



# The Corporation of the Town of Milton

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## REPORT

### Background

This report has been prepared in order to satisfy the following motion that was carried on March 25, 2019 by Milton Town Council (Res. 111-19):

WHEREAS the emerald ash borer devastated the Town of Milton's inventory of ash trees in some of its residential subdivisions in 2015, 2016 and 2017, such that the Town could not afford to replace all of them in a timely fashion;

AND WHEREAS that given that other species of trees in the community have been destroyed by disease in the past and it is likely other species will be attacked by disease, in future;

THEREFORE BE IT RESOLVED THAT Town of Milton staff investigate the feasibility of establishing a program that encourages commercial and residential taxpayers to help fund the replacement of trees on Town boulevard, park and ravine property in exchange for a tax receipt;

AND FURTHER THAT Town staff report back to Council with its findings before May 30, 2019.

### Forestry Program Context

After several years of addressing EAB, the Town has made good headway on dealing with the pest in a fiscally responsible manner. Further details are provided in the latest staff update report ENG-020-18 2018 Fall Forestry Update Report, but essentially the following is the status of staff EAB mitigation and recovery works:

1. By the end of 2019 all known EAB infected urban residential street trees will have been removed and replaced with a new, diverse species canopy
2. The Town will be treating approximately 200 ash trees with TreeAzin to continue the "successional" approach to removals and replacements. Treated ash requiring removals due to potential unreasonable dieback levels will be done this year and replacements for them will be completed in the fall
3. For rural roads, the Town has initiated a 3-year program of ash, elm, dead, hanger and hazard tree Systematic Rural Right-of-way Removals. The Town has been divided into 3 sections and Section 1 will be completed this year
4. Rural road tree planting will be focused on hamlet areas as required, as ash removed on rural roads are generally found in amongst regenerative treed areas (where other species are actively growing and taking over)



# The Corporation of the Town of Milton

5. Select park and trail areas will undergo extensive planting this year but full recovery from EAB (as well as non-ash juvenile tree deaths) in park and trail areas will be ongoing
6. The majority of the Town's known wooded areas and specific woodlot parcels have been cleared of ash trees in what arborists refer to as "target zones" - areas around trees that pose an unacceptable risk to people and/or property. Inaccessible trees within the middle of wooded areas are left in situ

## Income Tax Context

As a 'qualified donee,' in accordance with the Income Tax Act, 1985, the Town of Milton is positioned to issue income tax receipts for eligible purposes. The Town maintains a policy with respect to charitable donations and the issuance of receipts (Policy 164 - Accounting - Charitable Donation Receipts). That policy outlines the standards for evaluating donations in accordance with the Canada Revenue Agency (CRA) guidelines. Considerations include:

- Donations must be voluntary (versus required by order or by-law)
- Donor is not receiving promotion or commercial benefit for the donation
- Donations must be supportive of the Town's mandate or beneficial to the community

Where donations will be in-kind (as opposed to cash), they can only be accepted if they satisfy a series of criteria including a review of the associated risks and cost/benefit analysis, and they comply and are consistent with the Town's by-laws, policies and priorities.

Additional review including CRA requirements confirm that:

- the tree must be located on municipal property (as opposed to property of the donor or other taxpayer)
- donation in-kind of a tree is to be receipted at Fair Market Value (excluding HST)
- for donations in-kind, planting services can only be reflected in the receipt where those services are included with the supply of the tree (as a whole) by a vendor

## Discussion

Town Forestry staff understand that there is a desire to have a fulsome recovery from the destruction caused by EAB. Unfortunately, the larger sized trees and overall percentage of canopy cover we have lost will take decades to recover from.

The lesson learned from EAB (as well as Dutch Elm Disease) is that forest diversity is the key to building resiliency into the urban forest. The Town is working to have no more than 6% of any one species represented on our lands wherever feasible. The diversity approach is a small step in what could be a larger approach to urban forest resiliency for pests and diseases but is also a step in the right direction towards creating habitat recovery and mitigating the effects of climate change.



# The Corporation of the Town of Milton

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An income tax receipt program could be a mechanism to not only enhance recovery efforts from EAB destruction, but applied perpetually and more broadly, can address other broader environmental issues such as habitat fragmentation, environmental degradation, mitigation of the urban heat island effect, reversal of butterfly/bee/pollinator population collapses, etc. As a result, the options considered below consider a potential expansion of the program to encompass a broader environmental goal.

Three forms of tax receipt for tree planting programs have been considered as follows:

**Option #1 - Resident / Commercial Entity “Accelerated or Additional” Tree Planting Locations (i.e. in the boulevard in front of their respective residence / business benefiting primarily the payee alone):**

How it would work:

- Resident / commercial entity pays for individual tree(s) to be planted in the Town’s right-of-way in front of their respective place of residence or business. Plantings would be coordinated and contracted by Town staff.
- Species selection would remain under the jurisdiction of the Town to continue to reduce monoculture plantings and maintain less than 6% of any one species planted.
- Location selection will also be governed by the Town to maintain setbacks per standards set by the Town and various utility authorities.

Unit Value: Estimated at approximately \$800 to \$1000 per tree

Pros and Cons:

- Pro - Individuals may accelerate the process to satisfy their own needs
- Pro - May potentially generate higher contribution rate as donors may perceive a more immediate benefit than may be provided through a pooled funding option
- Con - Would increase Town staff time (and potentially staffing levels) to manage individual requests affecting both Forestry and Finance staff
- Con - Will still not be immediate as the most desirable time to plant is spring and fall, utility locates and extensive contractor engagement is also required
- Con - potential creation of a 2-tier system favouring those with the financial means to support plantings adjacent to their properties
- Con - Costs per tree would be very significant due to mobilization for one tree or few trees per time (Town currently plants, at minimum, 350 trees per contract)

**Option #2 - Pooled Funding Approach - Street Trees (Funding is pooled to augment the specific street tree planting budget with a benefit to all neighbourhoods)**



# The Corporation of the Town of Milton

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## How it would work:

- Resident / commercial entity pays into a pooled fund augmenting current forestry budgets and allowing for a potential increase in street tree right-of-way plantings
- Presumes existing forestry budgets are also preserved and increased annually to match inflation and/or price indexing and not reduced as a result of the funding to only maintain status quo
- Species selection and location decisions would remain with the Town

Unit Value: Approximately \$400 to \$600 per tree.

## Pros and Cons:

- Pro - Prioritization and planting decisions remain with the Town and contractors and allows for economies of scale to be achieved
- Con - Will require staff time (relative to existing levels) to operate the program (collection, administration, program delivery, etc.)
- Con - Broad nature of program may be a deterrent for donations relative to other options as there is a less direct resident benefit resulting from funding provided

**Option #3 - Pooled Funding Approach - Broad Environmental Initiatives (i.e. Street trees, woodland regeneration, riparian naturalization, creation of butterfly/bee/pollinator habitats, etc.)**

## How it would work:

- Residents / commercial entities will make donations to the fund. Programs funded will enhance ad hoc partnerships with volunteer clean-up organizations, Conservation Halton, local school boards and other entities to fulfill broad environmental community project needs
- Projects will range from street and park tree planting, woodlot, road and creek clean-ups, creek plantings, naturalized area plantings, creation of butterfly/bee/pollinator habitats, teaching school aged children and adult volunteers the value of trees, forests, pollinator plants and natural heritage systems in general (education component)
- Where feasible, funds received in one year will be utilized in environmental programs in the following year
- All funding and application of funds to various initiatives will be posted annually as a section in ongoing forestry update reports to Council noted collectively as "Community Based Environmental Initiatives"

Unit Value: Not applicable as there are no prescribed unit rates for this option. Tax receipts would only be provided in accordance with the threshold outlined in the then prevailing policy (current policy provides receipts at values \$20 or greater)



# The Corporation of the Town of Milton

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## Pros and Cons:

- Pro - Delivers an environmental program looking beyond EAB specifically and works to address a broader goal of environmental care, consideration, stewardship and enhancement
- Pro - The mechanism, experience and partnerships are already in place from several years of working ad hoc yet with a “boots on the ground” approach with the local Conservation Authority, different school boards, Field and Stream Rescue Team and other community and corporate groups. Will help expand on these partnerships
- Con - Will require staff time (relative to existing levels) to operate the program (collection, administration, program delivery, etc.)
- Con - Broad nature of program may be a deterrent for donations relative to other options as there is a less direct resident benefit resulting from funding provided

## **Municipal Scan - Evaluation and Recommendation**

Staff reached out to peer municipalities through the Municipal Arborists and Urban Foresters (MAUF) in order to solicit feedback with respect to any existing programs that others may administer. Of the feedback received, it was noted that generating donations from residential sources can prove challenging, and where there has been success it has often involved corporate support. It was also noted that non-profit organizations that partner with municipalities (example: Local Enhancement and Appreciation of Forests (LEAF)) can play an important role in the programs developed.

For all three options, assuming there is take-up of the program, the options potentially allow for urban canopy growth augmentation closer to the desired goal of 1,000 to 1,200 trees per year as opposed to planting approximately only 750 trees per year per status quo allowable due to financial constraints.

Having reviewed various approaches, staff are recommending that Option #3 be selected as it offers efficiencies, expansion of existing partnerships, as well as the greatest benefit generated from a holistic environmental perspective. The fund could create an opportunity to provide municipal leadership to move beyond the Emerald Ash Borer issue and restore degraded forest habitats, increase forest canopy cover, improve upon butterfly and pollinator habitat and provide resiliency to climate change by “turning the page” on centuries of forest fragmentation and broader environmental systems degradation.



# The Corporation of the Town of Milton

## Financial Impact

All three of the options outlined in this report can be implemented within the language of the Town's existing Charitable Donation Receipt Policy (Policy 164). Should Council choose to establish one of the programs, the Town will utilize existing resources to communicate the availability of the program (example - Town's website and social media platforms).

The financial implications resulting from any of the options is intended to be cost neutral to the Town, such that any additional spending on the program is funded from the donations received. The actual results may be impacted by the volume of activity that occurs, which staff would report back to Council on through the periodic forestry program updates and the Town's operating budget variance reporting.

Respectfully submitted,

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Commissioner, Engineering Services

For questions, please  
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## Attachments

None

CAO Approval  
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Chief Administrative Officer