



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: September 20, 2021

Report No: CORS-045-21

Subject: 2022 Budget Call Report

- Recommendation:**
1. THAT the 2022 Capital and Operating Budgets and Forecasts be prepared in alignment with the Town's Council-approved strategic plans and long-term studies (example: 2020-23 Council/Staff Workplan, Official Plan, Asset Management Plan, Fiscal Impact Studies, Master Plans etc.).
 2. THAT staff be directed to prepare and submit the 2022 Operating Budget with a residential property tax increase not exceeding 5.26% on the Town portion of the total tax levy (for an estimated total residential property tax increase of no greater than 2.78% when the Region and Education portions are considered)
 3. THAT staff be directed to present options to reduce the tax levy impact for the year 2022 in a manner that is consistent with the opportunities identified in the 2021 budget or service delivery reviews, along with any new opportunities that have been identified through 2021.
 4. THAT in recognition of the continuing uncertainty resulting from COVID-19, staff be directed to estimate potential COVID-19 financial impacts for 2022 and present strategies that will mitigate the financial pressure on the municipality without further increasing property taxes.

EXECUTIVE SUMMARY

- The budget process provides a venue within which decisions as to the appropriate balance between affordability, service levels and financial sustainability can be made.

EXECUTIVE SUMMARY

- The 2022 budget pressure on the Town's portion of property taxes is projected to be a 6.00% increase (or \$15.48 per \$100,000 of assessment), driven largely by inflation, reducing the Town's infrastructure funding deficit and investment in the Town's fire services.
- Although it is expected that some areas, like transit, will continue to experience losses in 2022 as a result of the pandemic, the operating forecast assumes the impacts will continue to be managed through non-property tax based strategies, such as temporary cost reductions, potential financial support from other levels of government, or one-time transfers from reserve.
- A target of no greater than a 5.26% increase to the Town's portion of property taxes for the 2022 budget has been recommended. This target:
 - Aligns with projections from the Town's long term fiscal impact studies as well as the Town's most recent budget process
 - Supports the continuation of existing services and service levels
 - Challenges staff to find methods of reducing the budget request from the currently forecasted financial pressures
 - Is expected to result in a total property tax increase to residential properties of no greater than 2.78% (or \$19.01 per \$100,000 of assessment).
- The Town's local tax levy is lower than surrounding local municipalities by an average of \$95 per \$100,000 of residential assessment, and when Regional and Education rates are considered, Milton property taxes as a percentage of household income remains lowest in the GTA and second lowest relative to Provincial comparators.

REPORT

Background

Section 290 (1) of the Municipal Act requires municipalities to prepare and adopt an annual budget. Through the Budget Call report, staff provide Council with the appropriate context and financial considerations, as well as recommendations with respect to the guidelines to be followed when the 2021 capital and operating budgets and forecasts are prepared.

The underlying principles used in preparing the annual budget are outlined in Financial Management - Financial Principles Policy No. 110. Using Council's vision for the Town as outlined through strategic planning processes, resulting priorities are then reflected across the broad array of master planning and strategy processes undertaken (including secondary plans, fiscal impact studies etc.). The budget process provides an avenue to prioritize and balance the allocation of available resources to achieve the various master plan targets and priorities.

Background

The 2022/23 forecasted budget pressures that are presented in this Budget Call report are based on data and information currently available. As the detailed budget is developed this forecast will continue to be refined to include additional information that is identified. Staff will prepare the 2022 budgets based on the guidelines provided by Council. The budget is then presented to Council for consideration and deliberation in the fourth quarter of the year.

Discussion

Milton has experienced steady population growth since 2001 and has consistently ranked as one of Canada's fastest growing communities. With a population of 126,355 residents at the end of 2020 and projections showing that figure approximately doubling over a 15 year period, the Town continues to be faced with a number of financial challenges and opportunities. Within this context, the budget serves as a financial plan that provides guidelines and direction to staff for the allocation of resources and the provision of services and infrastructure.

Public Input

Budget development gives consideration to ongoing feedback received from the public throughout the year as part of public engagement initiatives undertaken for master plan updates and planning processes etc. In addition to these ongoing opportunities for public engagement, residents and business owners were also invited to provide comments and input related to the prioritization of services and investments for the 2022 budget year. This opportunity was available as of July 5, 2021 through the Let's Talk Milton platform and was advertised to the public through a public service announcement, social media posts and an ad in the Canadian Champion. While the platform will continue to remain open and available for comments through December 5, 2021, all comments received to end of day August 20 are attached as Appendix A to this report. Additional comments received between August 21 and December 5, 2021 will be shared with Council in advance of the December 6, 2021 budget meeting.

Once per term of Council a more formal public input survey be utilized, with the next survey expected to take place in 2023 to inform the 2024 budget. The development of the 2022 budget will continue to consider the public survey results received over the past several years (see staff report CORS-049-19 for more information) that tend to be relatively consistent from year to year, as well as comments and feedback received through the additional avenues noted above.

Growth Forecast

An important consideration in the preparation of the budget is estimating the rate of growth expected in the community which affects both revenues and expenses in the capital and operating budgets. Growth in the community will result in incremental tax revenues from

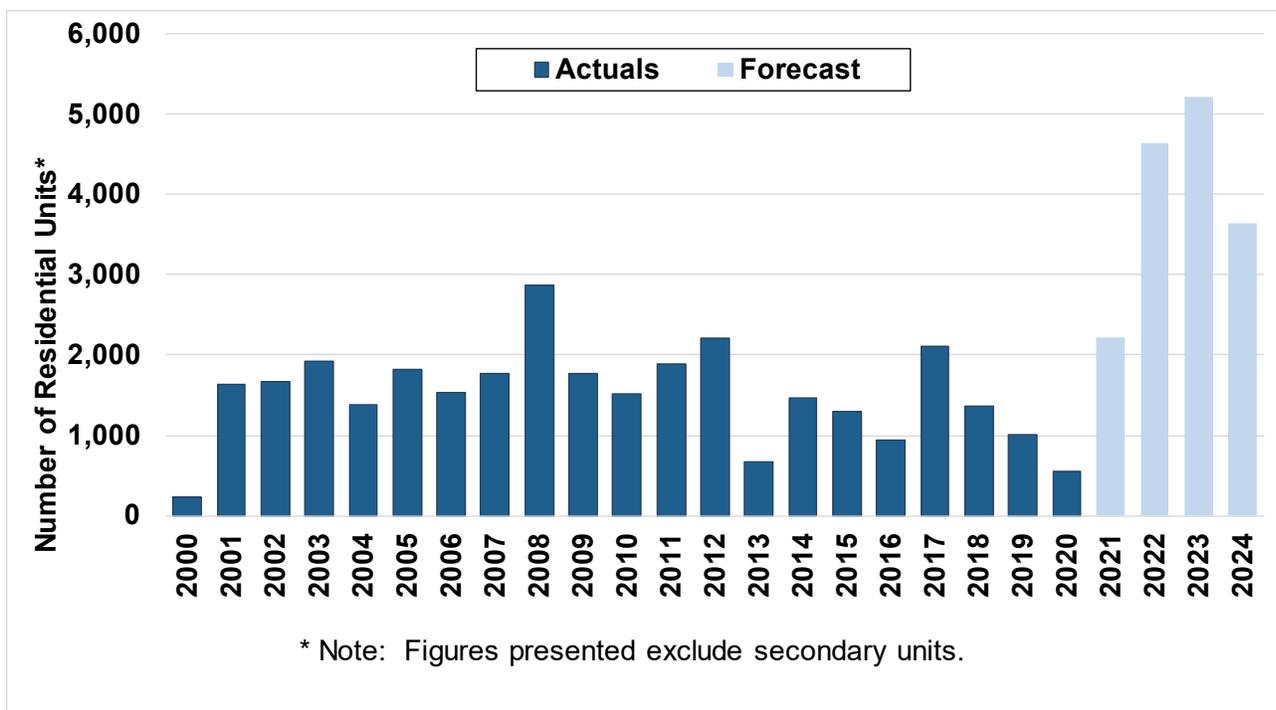
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assessment growth. It also drives the requirement to expand services and infrastructure such as roadways, parkland and facilities to the growing community.

The taxes raised from residential growth do not currently cover the costs of services provided and therefore balancing growth between the residential and non-residential sectors is critical to financial stability. Over recent years, residential growth has outpaced non-residential with the mix of assessment (unweighted) changing from 71.8% residential in 2001 to 83.5% residential in 2021.

Over the next several years residential building activity is anticipated to be higher than previous activity experienced by the Town as illustrated in the following graph.

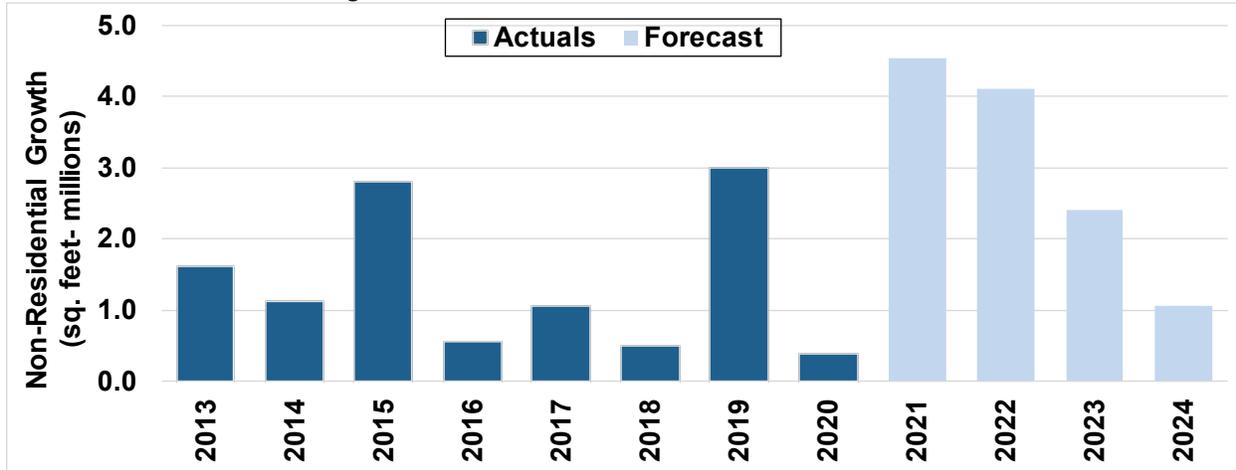
Figure 1 – Town of Milton Residential Growth



Non-residential activity is also expected to grow with 4.5 million square feet of development anticipated in 2021.

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Figure 2 – Town of Milton Non-Residential Growth



The projected increases in the levels of residential and non-residential growth in 2021 and 2022 are expected to result in higher levels of annual assessment growth revenues in the next term of Council, and will therefore influence the budget processes in those years.

Capital Budget and Forecast

A 10-year capital budget and forecast will be prepared that will identify the investment required to support the anticipated growth in the community as well as the Town’s infrastructure maintenance and rehabilitation needs. The starting point for preparing the 2022-2031 budget and forecast will be the 2022-2030 forecast presented and approved in principle through the 2021 budget process. The forecast estimated that the capital investment for 2022 would exceed \$118 million, with a 9-year investment totaling \$865 million. The budget and forecast will be updated to reflect revised construction timelines, updated cost estimates and current corporate priorities. The forecast will also be updated to incorporate the costs and revenues associated with the development of the Sustainable Halton Lands which will be introduced through the 2022 budget process now that the 2021 Development Charge By-law has been completed.

Operating Impacts from Capital

Investing in new and expanded infrastructure has a significant financial impact on future operating budgets and tax levies. Capital investment in local infrastructure that is constructed by developers and assumed by the Town through new developments (including local roads and stormwater assets) also results in ongoing incremental costs. Capital budgets will continue to identify the operational impacts resulting from investment in new or

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expanded services including the maintenance of newly constructed roads and parks, expanded transit services, new facilities and information technology infrastructure. Future capital investment to maintain or replace assets is also required and as such, contributions to reserves for the long-term rehabilitation and/or replacement of new assets will be identified.

These impacts were considered as part of the Town's comprehensive 2017 Fiscal Impact Study (FIS) that projected average annual property tax pressure of 5.26% would be required to sustain the expected rate of growth. An updated fiscal impact study is underway that will reflect growth and the extension of the Town's service standards to buildout in all of the development land within the approved urban area. This study is expected to provide recommendations on the orderly, affordable and sustainable rate of growth, including a financial impact assessment that will consider the Town's fiscal thresholds for debt, user fees and taxes. It is expected that the results of the fiscal impact study will be available in the fall in advance of finalizing the 2022 budget.

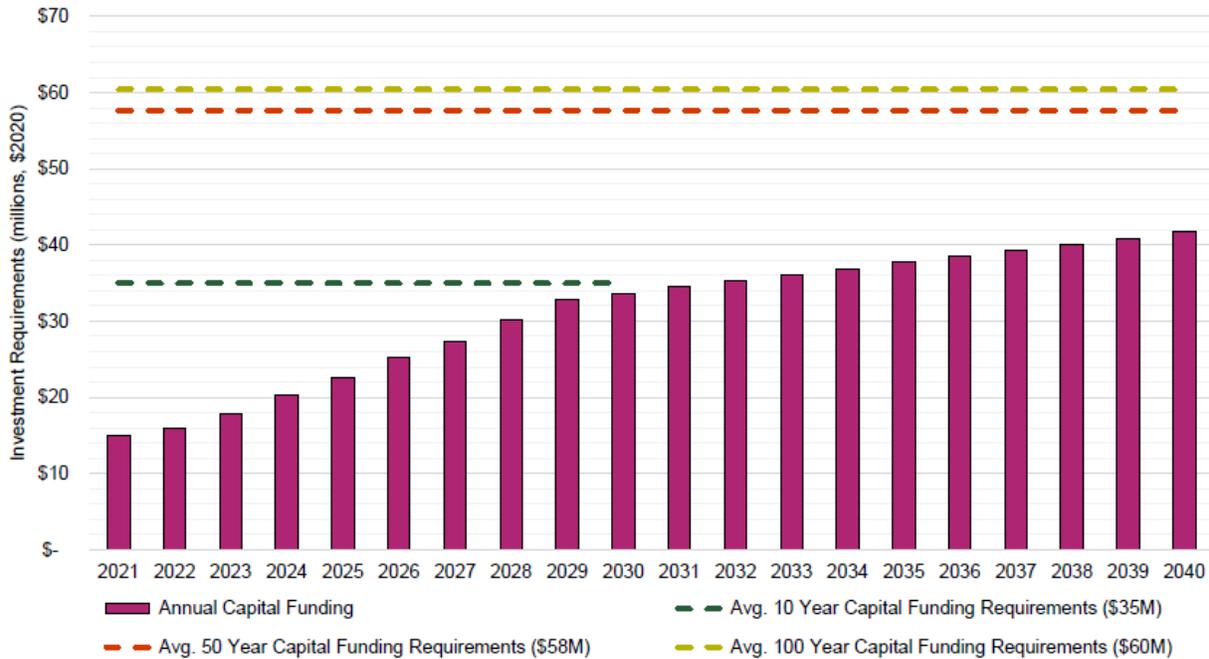
Infrastructure Funding Deficit & Asset Management Plan

The Town's Corporate Asset Management Plan (AMP) was updated in 2021 to include all core infrastructure (roads, bridges and stormwater) and was reported to Council through staff report CORS-038-20.

The 2021 AMP included a lifecycle funding analysis that considered current lifecycle management strategies, levels of service, condition assessments, replacement costs, and risk management strategies. The analysis projects a comparison of the Town's financial capacity to the funding requirements needed to maintain existing core infrastructure assets in a state of good repair using established lifecycle strategies as shown in the figure below.

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Figure 3 - Non-Growth Infrastructure Financing to Lifecycle Funding Requirements – Transportation and Stormwater (millions, 2020\$)



Although the 2021 AMP focused solely on core infrastructure assets it reaffirms an annual infrastructure funding deficit throughout the planning horizon. The financial strategies taken in recent years are expected to ensure that the deficit will not increase as the Town grows and highlights the long-term importance of the \$1.0 million incremental annual contribution where the majority goes to fund core infrastructure asset renewals. Further tables presented in the AMP identified future growth in infrastructure, as well as the corresponding financial capacity created with the additional contributions. Even with these financial measures, an annual deficit is projected at the end of the horizon and additional forms of mitigation will be required.

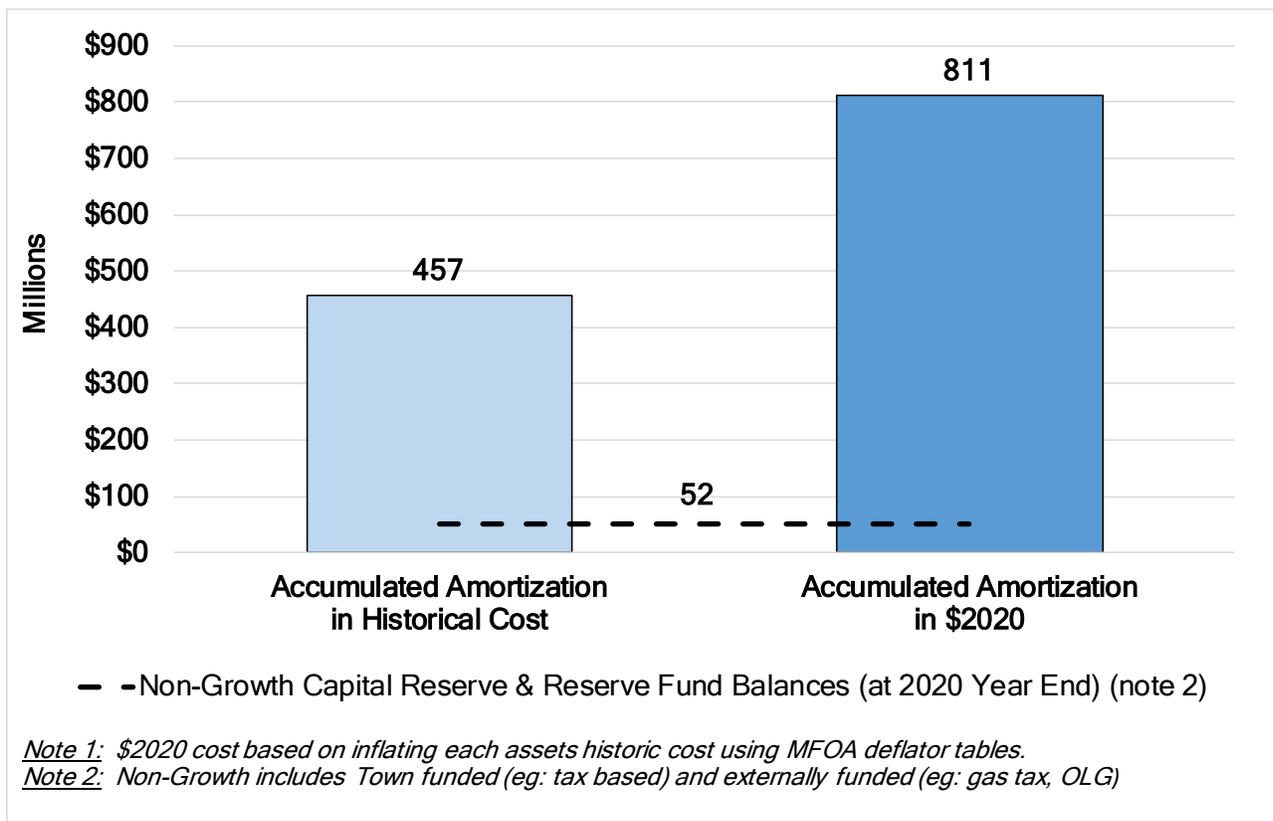
Inadequate funding of capital replacement reserves will limit the Town’s ability to maintain current service levels into the future as sufficient funding will not be available to invest in keeping the assets in a state of good repair. Additional pressures have been placed on available funding in recent years. Most recently the impact the pandemic has led to proceeds from the Ontario Lottery and Gaming Corporation being \$4.6 million lower than budget in 2020 and an estimated \$6.0 million lower than historical averages in 2021.

Another method of reviewing the degree to which the Town is setting aside funds for future rehabilitation is to compare the capital replacement reserve and reserve fund balances to the accumulated amortization on the Town’s assets (i.e. the degree to which existing assets

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have aged). These figures are depicted on the following graph, and suggest that additional contributions to capital reserve are required for the Town’s existing assets based on the service levels currently provided. Although other financing tools (example debt or future contributions) will be available as a part of the funding strategy, the differences noted below exceed the current Provincially mandated and Council established debt capacity limits.

Figure 4 – Measure of Infrastructure Renewal Funding Status



Council Staff Work Plan

A Council-Staff Work Plan for the years 2020-2023 was approved through staff report ES-009-20. The plan is the road map for how the Town of Milton continues to accommodate growth while ensuring the financial sustainability of the organization and the community. Due to the multi-year nature of many of the growth related initiatives included in the plan, budget approval has already occurred and the financial impacts and funding have been incorporated into the operating and capital budget and forecasts for several items. Additional or new funding requests will be presented where required as the various initiatives proceed to finalization or when the scope and expected outcomes have been further defined.

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Service Delivery Reviews

The Town of Milton has undertaken a number of initiatives with a focus on service review and efficiency. The status of these reviews include:

1. Transit Master Plan - results were presented in June through report ENG-021-19.
2. Service Delivery Review Phase 1 (Community Services) - results were presented through report ES-015-19.
3. Administrative Monetary Penalty System (AMPS) – results presented through CORS-008-20.
4. Service Delivery Review Phase 2 (Corporate Services) - results were presented through CORS-063-20.
5. Fire Master Plan – results presented through ES-003-21.

The scope of these reviews will continue to strike an appropriate balance between leveraging non tax-based revenue sources, revising service levels, raising property tax revenues, and proactively identifying and implementing process efficiencies.

Human Resources

The most recent Council reports that identified potential staffing risks and opportunities were presented through the Human Capital Report, CORS-043-17. The report identified that the number of full time staff employed by the Town is over 100 positions fewer than comparable municipalities, excluding fire and transit positions. These findings may impact the levels of service that can be provided to the growing community.

Annually staffing level requirements are reviewed with consideration for Town goals and priorities as well as existing service levels and pressures. In recent budget years due to financial pressures, a limited number of positions have been added and previously forecasted needs have been deferred. The 2022 operating budget forecast presented herein includes a provision to address only some of the highest priority staffing requirements, such as some of the staffing requirements as outlined in the Fire Master Plan. However, this leaves a number of the risks that were identified in the previously referenced staffing reports outstanding. Whether the new positions identified proceed in the final 2022 budget request will remain dependent on the balancing of revenues available to the cost of services.

Other Revenue Sources

Aside from property taxes, user fees and service charges provide a significant portion (19.7%) of the Town's overall revenues each year. Other sources of revenue that the Town of Milton proactively pursues to help manage the overall tax pressures include items such as, but not limited to: external grants, investment income and cost recovery agreements with external organizations. As many of these sources are either frozen or stagnant and do

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not increase with inflation and growth the Town faces ongoing pressures in trying to meet the requirements of a growing community.

Through effective management of Town user fees, which includes indexing annually by the Municipal Price Index (MPI), fees are charged to the direct users of many Town services to cover part or all of the costs of providing these services. Aside from annual inflation, comprehensive studies are also undertaken periodically to compare the effective rates to the related cost (via activity based costing), as well as to benchmark the Town's rates to its peers. In 2022, many of the rates and fees within the forecast will be indexed using the MPI for expenditures of 2.30% (see Appendix A of report CORS-040-21 for details with respect to MPI).

2022 Operating Budget and Forecast

Through the 2021 Operating and Capital Budget staff completed an operating budget forecast for the pressures anticipated in 2022 and 2023. Based on the assumptions at the time staff were projecting a significant tax levy pressure to the Town portion of the tax bill in 2022 and 2023. The major drivers of the forecast included:

- Inflationary impacts to maintain existing levels of service
- Funding to gradually reduce the infrastructure deficit.
- Extending services to new growth areas including the Boyne Secondary Area.

Staff will continue to revise the forecast throughout the budget process. However, based on new information and analysis undertaken through the first two quarters of 2022 the adjustments to the forecast include:

- Delayed timing of assessment growth
- Additional pressures outlined through Fire Master Plan recommendations
- Delayed timing of growth related impacts
- Deferral of service delivery options and other service enhancements

Including the assumptions previously mentioned, the projected pressures equate to a 6.00% tax rate change in 2022 and 7.76% in 2023. Put another way, the revised forecast is currently projecting a tax pressure equivalent to \$15.48 per \$100,000 of residential assessment in 2022 and a further \$21.21 in 2023. These amounts are relative to the existing annual cost of \$258 per \$100,000.

The following table provides a summary of the primary drivers impacting the 2022 and 2023 forecast (with further detail provided in Appendix B).



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Component	2022 Net Levy Impact \$ (000's)	2022 Residential Tax per \$100K of Assessment	2022 Residential Tax % Change	2023 Net Levy Impact \$ (000's)	2023 Residential Tax per \$100K of Assessment	2023 Residential Tax % Change
Prior Year Tax Levy	\$ 73,799	\$ 257.86		\$ 79,803	\$ 273.34	
COVID-19 Impacts:						
COVID-19 Estimated Impact	\$ 793	\$ 2.71	1.05%	\$ -	\$ -	0.00%
COVID-19 Mitigation	\$ (793)	\$ (2.71)	-1.05%	\$ -	\$ -	0.00%
Inflation and Base Adjustments:						
Inflation (MPI)	\$ 1,956	\$ 6.70	2.60%	\$ 2,073	\$ 6.87	2.51%
Infrastructure Deficit	\$ 1,000	\$ 3.43	1.33%	\$ 1,000	\$ 3.31	1.21%
Other Base Adjustments	\$ 54	\$ 0.18	0.07%	\$ 458	\$ 1.52	0.56%
Total Inflation & Base Adjustments	\$ 3,010	\$ 10.31	4.00%	\$ 3,531	\$ 11.70	4.28%
Growth Related:						
State of Good Repair for Constructed & Assumed Assets	\$ 907	\$ 3.11	1.20%	\$ 2,135	\$ 7.07	2.59%
Expanding Service to Growth Areas	\$ 1,446	\$ 4.95	1.92%	\$ 1,834	\$ 6.08	2.22%
Other Growth-Related Impacts	\$ 641	\$ 2.20	0.85%	\$ 1,585	\$ 5.25	1.92%
Total Growth Related	\$ 2,994	\$ 10.26	3.98%	\$ 5,554	\$ 18.40	6.73%
Total Increase in Levy	\$ 6,004	\$ 20.57	7.97%	\$ 9,085	\$ 30.10	11.01%
Total Tax Levy	\$ 79,803	\$ 278.43		\$ 88,888	\$ 303.44	
Estimated Assessment Growth (net of reductions)**	\$ (1,487)	\$ (5.09)	-1.98%	\$ (2,683)	\$ (8.89)	-3.25%
Forecasted Net Tax Levy Increase Required	\$ 4,517	\$ 273.34	6.00%	\$ 6,402	\$ 294.55	7.76%

* Based on 2021 CVA values per 2021 Final Tax Levy By-law, CORS-025-21. 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.).

Consideration of a Special Fire Tax Levy

At the Council meeting held on June 21st and June 22nd, the Fire Services Master Plan was approved through report ES-003-21. As a part of the related discussion, some members of Council expressed a potential interest in identifying the fire service as a separate tax levy and staff indicated that further information could be prepared to support the resulting discussion. The following information is intended to serve that purpose.

Discussion

The form and presentation of the property tax bill is governed by legislation, and specifically section 343 of the Municipal Act, 2001 as well as Ontario Regulation 75/01. The property tax bill for the Town of Milton currently identifies the tax rate and amount for the Town, Region and School Board as individual amounts.

There is an ability to present a special levy amount on the tax bill if desired, it would be presented in a manner similar to the Region's enhanced waste charge (noting that it would be presented in the Town's column in the case of fire). Due to constraints in the software and format there would be some limitations, including the fact that neither the assessment value or tax rate would likely show on that line, and a blended calculation would have to occur for properties containing several assessment classifications. This would have to occur through further customization within the software, and could result in an elevated potential of error within the process.

The net budgeted direct cost of fire services in 2021 was \$12.0 million, or 16% of the total approved tax levy of \$73.8 million. Other Town services represent a similar proportion of the levy including recreation services at \$10.7 million (15% of tax levy) and operations services at \$14.0 million (19% of tax levy). As referenced below in this report, tax supported funding to the capital program is \$23.8 million, or 32% of the overall levy. In all cases, these services are recovered over the entirety of the taxable assessment within the Town (as opposed to being through an area-specific tax rate).

As opposed to establishing a separate tax levy for fire and presenting it as such on the tax bill, staff are proposing to use the budget book and other budget and tax policy related public communications to highlight how much of the overall tax levy (or changes) relates to fire services. This could result in similarities for the fire services to what currently occurs Regionally for police services. At an annual cost of approximately \$180 million, the police budget represents just under 40% of the Regional tax levy. Although it is not presented on a separate line on the tax bill within the Town of Milton, there is a differentiation made between the Police and other Regional services within the regional budget, tax policy and other forms of presentation.

COVID-19

The service areas that have been most impacted financially by the pandemic have been recreation and transit services. Although the situation continues to evolve, it is expected that recreation and culture services will largely be able to fully resume normal activity levels in 2022 with the exception of certain areas such as the Arts Centre, which is not expected to re-open until the spring of 2022. Transit service continues to anticipate a prolonged recovery from the pandemic with the industry predicting 12 to 18 months. Included in the operating forecast is an estimated net cost of \$793,500 associated with the continuing impacts of the

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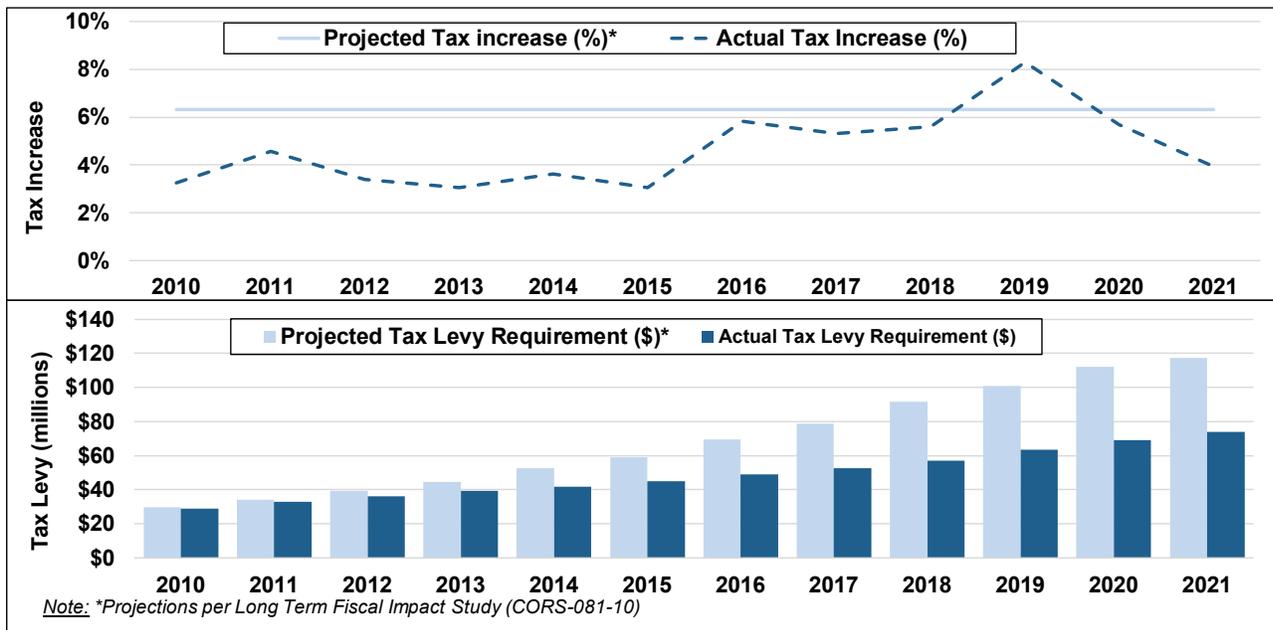
pandemic. This amount considers both revenue losses as well as any related expenditure constraint.

Given the uncertainty with respect to these impacts, as well as the fact that they are not expected to be permanent, staff recommend ensuring that, similar to the 2021 budget, the 2022 property tax levy not be increased in relation to these impacts. Options will be considered through budget development to mitigate the continuing impacts of the pandemic in 2022. These options are anticipated to include a combination of cost containment measures as well as the use of reserve funding along with any further funding that the Town may receive from the Federal or Provincial governments.

Long Term Fiscal Impact Study

As previously discussed, an updated Long Term Fiscal Impact Study is underway which is expected to be complete in the fall of 2021. The previous Long Term Fiscal Impact Study completed in 2010 (CORS-081-10) identified a number of significant financial and service delivery implications as growth occurs. Tax rate increases of approximately 6.32% annually were identified as being necessary to finance the cost impacts associated with the Town's growth. These increases translated into an estimated required tax levy of \$112 million by 2020. Since the report, tax rate increases have averaged 4.63% and the current tax levy is \$74 million.

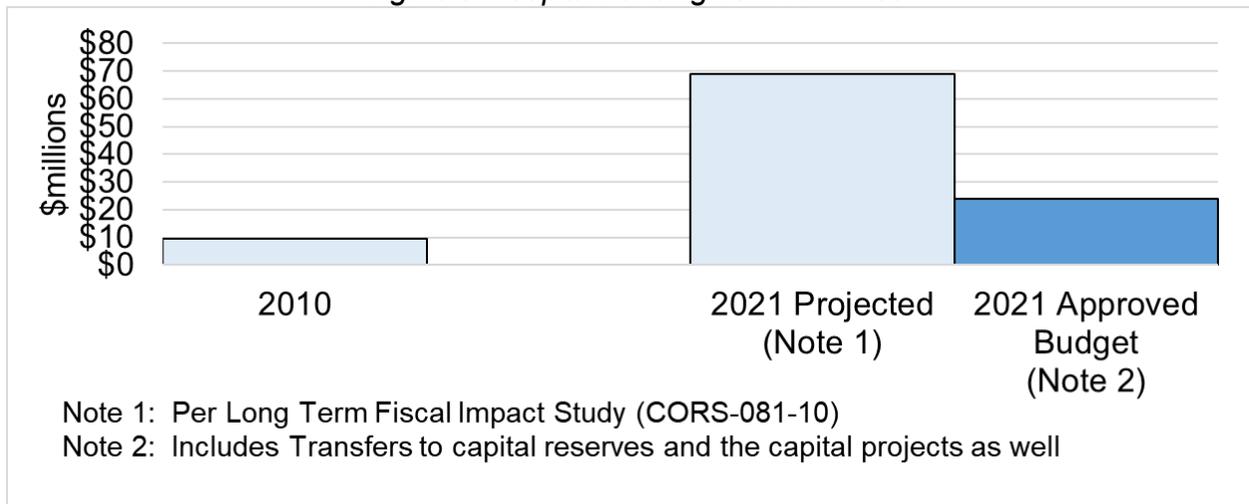
Figure 5 – Historical Tax Levy Trend (2010 to 2021)



Discussion

The majority of the differential between the projections from CORS-081-10 and the actual tax levy changes can be attributed to the amount of funding transferred to capital reserve annually to fund future rehabilitation and replacement. As illustrated in the following graph, the Town’s capital funding from the tax base was projected to increase from \$9.5 million in 2010 to \$69.0 million in 2021. The actual tax supported capital funding has increased to \$23.8 million in 2021, with 69% of that growth occurring since 2017.

Figure 6 – Capital Funding from Tax Base



As the Town’s asset base is still relatively young, a shortfall in funding will impact the Town’s ability to rehabilitate and replace aging assets in the future. For context, during this same period the Town’s asset base (excluding land), as measured by the historical cost tracked through tangible capital asset reporting, grew from \$721 million in 2010 to \$1.1 billion in 2020.

The previous Fiscal Impact Study which captured the development of the Sustainable Halton lands was presented to Council through CORS-062-17. The study projected a capital investment over the period 2017 to 2036 of \$2.0 billion, along with gross operating costs that were expected to grow to \$418 million per year. These capital and operating estimates were expected to translate to average tax increases of 5.26% annually to 2036

The ongoing updated Fiscal Impact Study will give consideration for both the secondary and tertiary planning of the new growth areas, as well as the legislative changes enacted through Bill 108, Bill 138 and Bill 197.

Budget vs Actual Variance Trend

As shown in the table below, over the previous five years the year-end operating expenditures have been within 2.0% of the approved net budget and 0.9% of the approved gross budget. The 2020 surplus was slightly higher than variances experienced over the past five years largely due to organization-wide cost containment efforts, coupled with provincial and federal funding received related to specific COVID-19 impacts.

Figure 7 – 5-Year Historical Net Budget Variance Trend

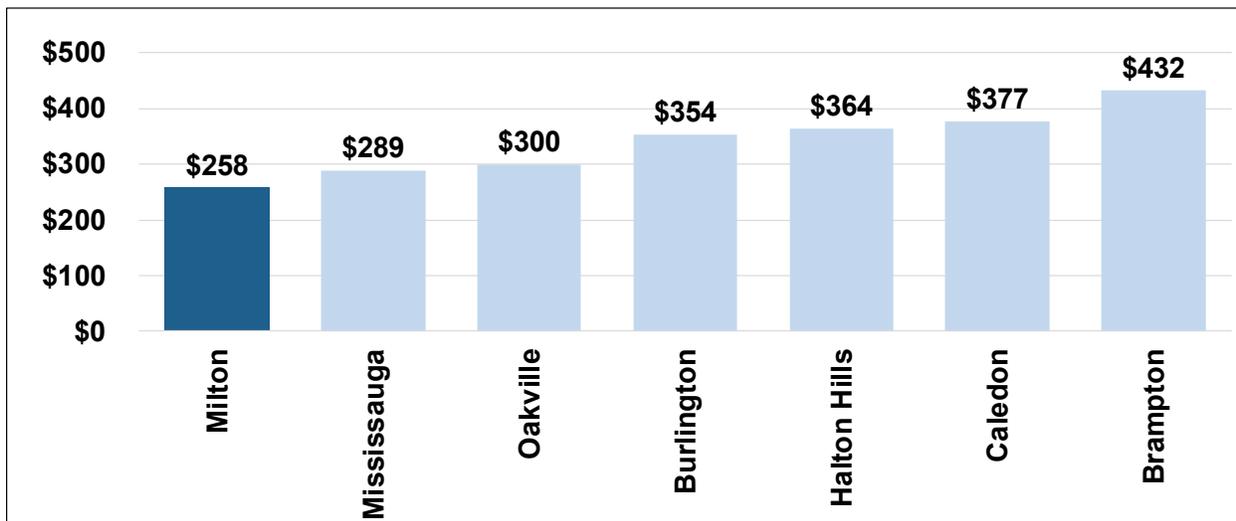
	2016	2017	2018	2019	2020	Average
Variance (\$Millions)	\$0.61	\$0.92	\$1.40	\$1.22	\$1.85	\$1.2
% Variance to Net Budget	1.3%	1.8%	2.4%	1.9%	2.7%	2.0%
% Variance to Gross Budget	0.6%	0.8%	1.1%	0.9%	1.3%	0.9%

*Positive variance represents a favourable variance and a negative variance represents an unfavourable variance.

Comparing Milton’s Taxes to Other Local Municipalities

When comparing Milton’s local taxes and overall tax bill (including Town, Region and School portions) to surrounding municipalities, Milton continues to have the lowest tax rates. As shown below Milton’s 2021 approved local portion of the tax bill is \$258 per \$100,000 which is \$95 lower (27%) than the average of the surrounding municipalities.

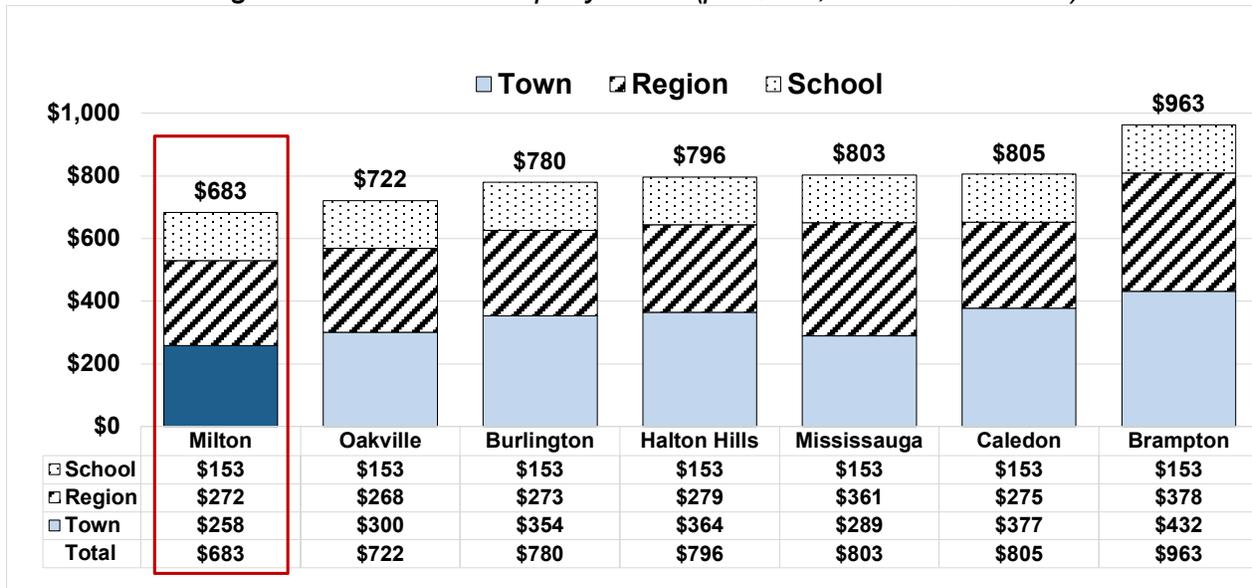
Figure 8 – 2021 Local Residential Tax Comparison (per \$100,000 of assessment)



Discussion

When reviewing the 2021 total approved tax bill, an average resident in Milton will pay \$683 per \$100,000 of assessment which is the lowest of the surrounding municipalities.

Figure 9 – 2021 Total Property Taxes (per \$100,000 of assessment)



Each of the above graphs considers property taxes relative to \$100,000 of residential assessment, and therefore does not capture differences in assessment values between municipalities. The following graph considers these differences, and shows that Milton's residential property taxes (local, regional and education) for a 2 storey home are 19% lower than the comparator group.

Figure 10 – 2020 Residential Property Taxes for a 2 Storey Home

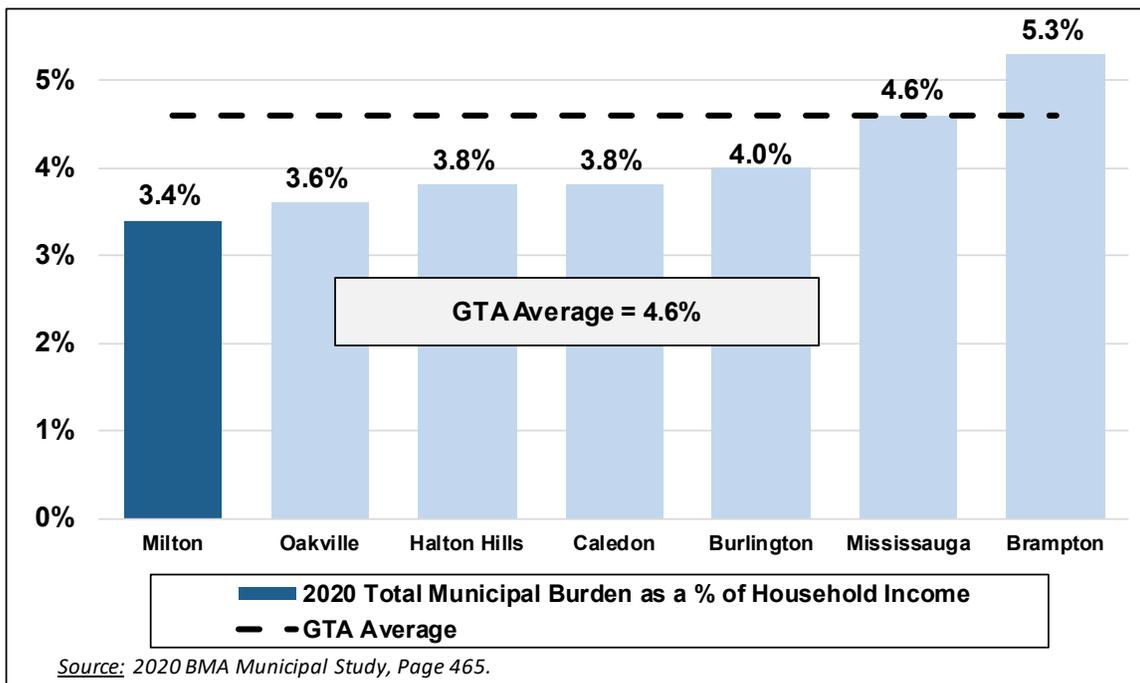


Affordability

Each year BMA Management Consulting completes a municipal comparative study on behalf of over 100 participating Ontario municipalities. Included in the study are various indicators and metrics to help evaluate a municipality’s financial condition including an analysis of affordability where property taxes are calculated as a percentage of household income.

In terms of the total tax burden which includes property taxes for the local, region and school portion of the tax bill along with water and wastewater rates Milton is second lowest when compared to the other participating Ontario Municipalities and is the lowest in the GTA.

Figure 11 – 2020 Total Municipal Burden as a % of Household Income



Non-residential Comparisons

In addition to the residential comparisons above, the Town needs to remain mindful of its relative standing with respect to non-residential competitiveness. The following tables present the industrial and commercial tax rates for the same comparator group as noted above, and show that for 2021 Milton’s commercial tax rate is lower than the comparator group, while the industrial rate represents approximately the average of the comparator group.

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Figure 12 – 2021 Commercial Tax Rate Comparison (per \$100,000 of assessment)

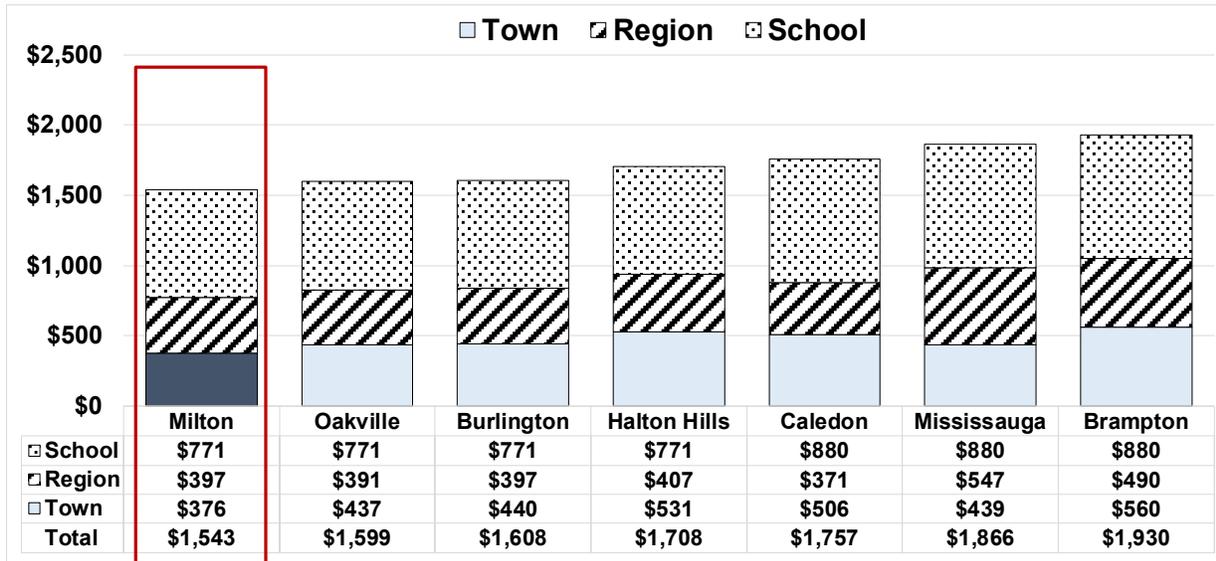
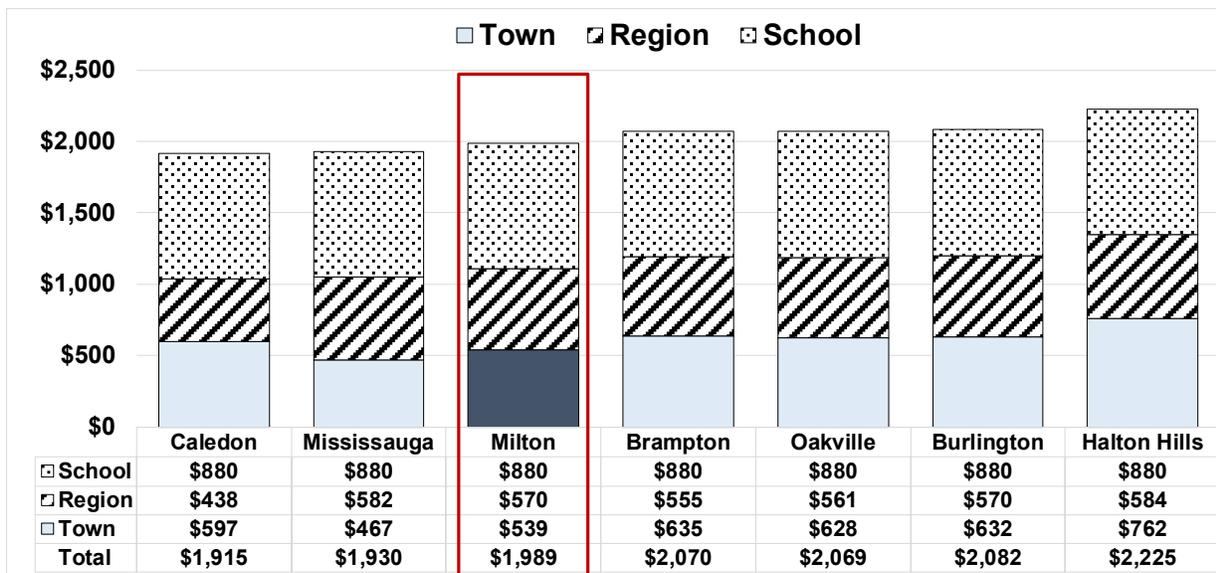


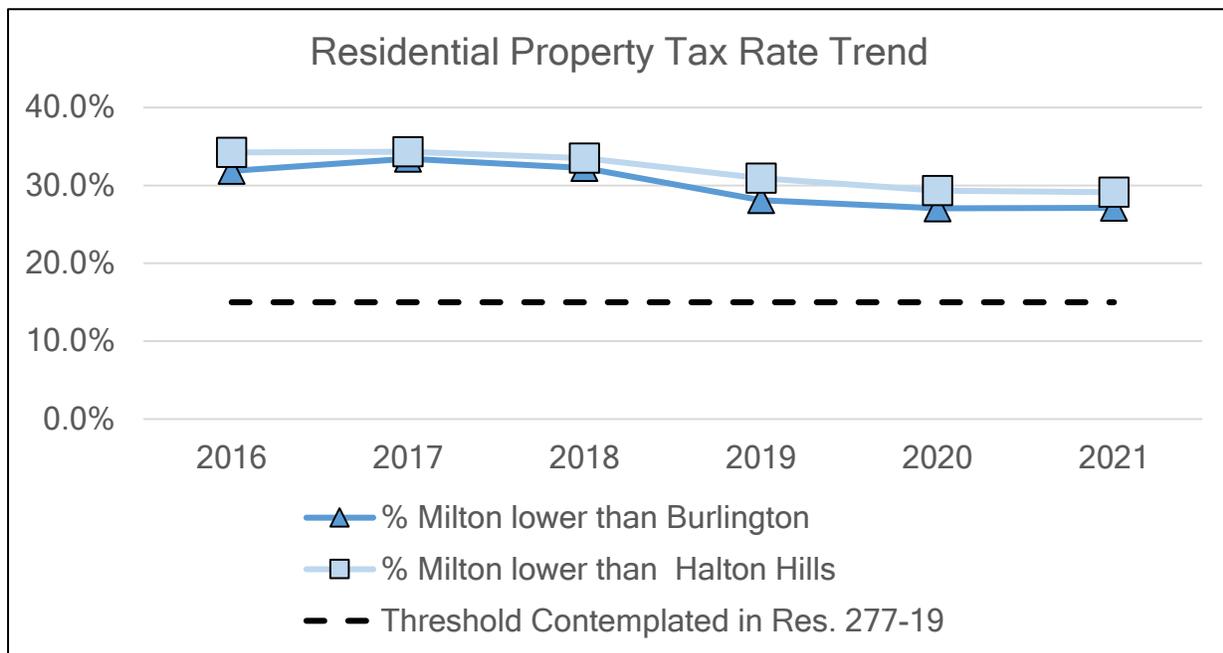
Figure 13 – 2021 Industrial Tax Rate Comparison (per \$100,000 of assessment)



Multi-Year Trend

In 2019 through resolution 277-19 and in consideration a multi-year strategy presented through report CORS-072-19, direction was provided for annual reporting through the budget process with respect to the Town’s positioning relative to two of its neighbouring municipalities. The following graph provides that reporting in the context of the 15% threshold considered in that resolution and report.

Figure 14 – Annual Reporting for Resolution 277-19



Recommendations & Alternatives

Staff are recommending that a budget target be established at an increase to the Town’s portion of property taxes of no greater than 5.26% for the 2022 budget. This recommendation has been arrived at with a long-term planning horizon in mind and consideration of the following points:

- This considers the projections from the Town’s long term fiscal impact studies, which supported the continuation of existing service levels as the Town grows.
- Challenges staff to find methods of reducing the budget request from the currently forecasted financial pressures.
- Provides an opportunity to invest in priorities that have been identified in areas such as sustainable infrastructure funding and fire services, to name a few.

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- Is expected to result in a total property tax increase to residential properties of no greater than 2.78% (or \$19.01 per \$100,000 of assessment).

Council may want to consider alternatives to this recommendation. Should such a motion be approved by Council, and subject to any other direction provided, staff will look to utilize several of the same strategies that have been employed in recent budgets by looking for opportunities to:

- defer service enhancements, staffing level changes and new capital projects;
- review other revenue sources;
- reduce or modify existing service levels or delivery methods;
- consider alternative financing strategies (example – utilization reserves).

Timetable

Staff across the organization are preparing detailed estimates for the capital and operating budgets and forecasts. Budget packages are scheduled to be distributed in November and will be accompanied by a Council workshop on November 29 in order to support Council in its preparation for budget deliberations.

In accordance with the approved Council meeting calendar for 2021, budget deliberations will occur on December 6 and December 7 (if necessary). A summary timetable with important budget deadlines is included as Appendix C to this report.

Financial Impact

As staff develop the annual budget, detailed program and service estimates will be refined as information becomes available and further analysis is undertaken.

The budget pressures for the years 2022 and 2023 result from inflationary impacts, the expansion of services to new areas, the fire master plan implementation and the infrastructure deficit, and are consistent with projections outlined in previous fiscal studies, reports and budget forecasts.

Although current pressures are projecting a tax impact of 6.00% on the Town portion of property taxes, staff are recommending a 2022 target of no greater than a 5.26% impact on the Town portion of the tax levy. This approach is expected to allow for service levels to be maintained as the Town continues to grow and is generally in alignment with projections from long term fiscal impact studies.

As shown in the table below, combining a 5.26% (maximum) increase in the Town portion with the estimated 2022 increase from the Region of Halton and Education would result in an impact on the total tax bill of 2.78% or \$19.01 per \$100,000 of assessment.

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Aug 03 21 10:12:29 pm	Attract & Retain Small Businesses	Incentivize small business owners to open shop in Milton. It would be nice to see a little hub where families/couples/everyone can walk around, browse, explore. It would be nice to have something like The Village in Burlington.	2	0	2		
Aug 03 21 10:27:07 pm	Envision future of Milton through community	Inspired by Grace Kim's TED2017 talk "how cohousing can make us live happier (and live longer)", Milton should consider incorporating this mindset in the transformation of the city. As more people decide to settle in Milton, we must stay true to our origins: community and farming. We need to find creative ways to incorporate this way of living in every household. And more so, find ways to invite more people to the city without destroying land (air pollution, deforestation, etc.). We must become a forward thinking city and protect the land around us.	2	0	2		

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Aug 12 21 03:42:35 pm	Better Bicycle Infrastructure!	Better bicycle infrastructure is needed in Milton, especially in the more mature, established areas of the town such as Main between Thompson, through Downtown to Bronte. We pride ourselves on being the home of the Mattamy National Cycling Centre. Lets extend that pride to the rest of the town and make Milton more bicycle-friendly and give residents more alternative transportation options! We also need to focus on getting riders off sidewalks and making the existing infrastructure safer. Right now, cyclists use the sidewalk as roads are not safe to ride on. This is dangerous for pedestrians such as the elderly or just the everyday person. A cycling education campaign would also benefit and the town can partner with local bike shops and organizations to accomplish this!	1	0	1		

Share your thoughts!

20-Aug-21

Date of contribution	Ideas		Votes		Visitors
	Title	Description	Votes	Un-votes	
Aug 12 21 12:13:45 pm	A university and college initiative. Technology based traffic control system.	Invest into education and youth career development for growing young population. Replace old and install new sensor based traffic control signals to maintain efficient traffic flow across the city as there is a tremendous increase in cars on the road and it will get worse if not addressed.	0	0	2
Jul 05 21 01:42:40 pm	Stop construction of condos and further housing projects		2	0	3
Jul 05 21 01:44:25 pm	Start University construction		2	1	1
Jul 05 21 01:46:41 pm	In past couple of years pipes had broken, it looks like a constant issue. Please fix this		1	0	1

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Jul 05 21 11:27:24 am	Please deal with the flood plain issue in historic downtown Milton. Don't put your hands up and say "we can't do something about it".	Milton, Conservation, Region and property owners can join together to create something beautiful for our town. Protecting the buildings. Protecting the struggling businesses. Our ancestors would know how to make this happen. The world (and Toronto) has figured out flood issues - why can't Milton and Halton ?	1	0	1		
Jul 06 21 09:07:19 am	Milton Public Library	Very disappointed to see no mention of libraries or library expansion in any of the recently produced literature stemming from the Town. Where is discussion of the importance of a robust public library in a growing and increasingly well educated town? The need for more library space should not be up for debate; it is a must!	3	0	5		

Share your thoughts!

20-Aug-21

Date of contribution	Ideas		Votes		Visitors
	Title	Description	Votes	Un-votes	
Jul 06 21 12:08:11 pm	Better Walkability from Central Scott Neighbourhood to Bronte St.	<p>Currently, there isn't a great option to walk to across the train tracks into the Bronte (old Milton) neighbourhoods from Central Scott Neighbourhood. You either need to walk to Derry Rd. or Main St. W.</p> <p>Would be nice to have a catwalk across the train tracks like in 43.52937555389084, - 79.85584690394326</p>	0	0	3
Jul 06 21 12:09:06 pm	Comment response to "Stop construction of condos and further housing projects "	Disagree, the town should continue to grow.	0	0	0
Jul 08 21 11:51:20 pm	Outdoor community skating rinks at parks/playgrounds		3	1	2
Jul 08 21 11:52:21 pm	A larger outdoor public swimming pool		4	0	0

Share your thoughts!

20-Aug-21

Date of contribution	Ideas		Votes		Visitors
	Title	Description	Votes	Un-votes	
Jul 08 21 12:28:41 pm	Please set some money aside to spray for Gypsy Moths in rural Milton & parks.		0	0	1
Jul 10 21 05:20:14 pm	Allocate more funds for by-law enforcement for property owners that neglect the manicure of their lawns & repair of their street side fences	Enforcement of Environmental Aesthetics	4	0	1
Jul 10 21 05:30:44 pm	Allocate more funds for grass and weed management at kill strips and medians on Derry Rd, James Snow Pkwy, Main St and other arterial roads.	Let's Fund Some Pride in Our Home Town Appearance	1	0	1
Jul 11 21 01:16:29 pm	Repair and maintain cars driven roads and widening some busy intersections. Invest on by-law enforcement to monitor homeowner noise makers	Improving life style	3	0	1
Jul 13 21 10:40:46 am	Bike Lanes	Please budget for better street sweeping to help keep bike lanes free of gravel/debris.	4	0	1

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Jul 14 21 10:09:46 am	Solar power incentive	Give homeowners credit, incentives, etc. To install solar panels in an effort to help with global warming.	4	1	1		
Jul 14 21 12:54:56 am	Extend the downtown Main Street coach lamps further west to Bell street. Not sure why they stop before the end of town.	Downtown coach lights	2	0	3		

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Jul 15 21 08:37:28 am	Reduce low value high cost feel good clean up	Reduce low value high cost feel good spending on parks that are only useful a few months a year and are a geese and dog toilet for most if it. Improve existing with youth specific features not playsets Reduce the cost of rec programs which cost much more than Burlington's even at the non resident rate and is of lower quality and more limited especially for special needs. Fix the problems that are hidden by paying a private company to act as an ombudsman and use the free one for Ontario. Get a complaints system in place. Stop pretending Milton doesn't have a speeding, loud exhaust, aggressive driver, parking, walking on the roadway etc. problem and ask HRPS to use the 10 new hires to stop being afraid of enforcement in residential especially in school zones. Stop running empty busses. Hire taxis for transit before the drivers go broke. Reengineer the roundabouts, they are too small for trucks , unsafe and confusing for many.	0	0	2		

Share your thoughts!

20-Aug-21

Date of contribution	Ideas		Votes		Visitors
	Title	Description	Votes	Un-votes	
Jul 15 21 09:31:59 am	When trees are planted have someone take care of them!	Contract someone to take care of the trees that are planted. Now trees are planted and they are left to die - not watered or pruned. Take care of the trees planted rather than replanting new (small) trees.	0	0	1
Jul 15 21 09:45:46 am	Enforce bylaws for upkeep of properties	Have bylaw officers monitor and fine residents that do not upkeep their property (cut lawn) or have paved their entire property and park on their front lawn. There needs to be a minimum standard of care enforced.	0	0	1

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Jul 17 21 10:14:52 pm	The return of a stopwalk in downtown on Main Street	Before main street was repaved last year there used to be a stopwalk before James Street (heading towards Bronte) having driven through there often I find it to actually cause more congestion now and it feels like drivers are going much faster then they used to. I do not know why the cross walk was not brought back.	0	0	3		
Jul 17 21 10:22:27 pm	More Recreational Facilities!	I think it would be great if the city built outdoor hockey rinks that could be used in the winter (ice) and summer (floor) and with lights. I don't think that this will be a waste of money as milton is a constantly growing city and there will always be demand for the use of these rinks. Also, extended hours on outdoor lighting in the summer (in non residential areas like rotary tennis courts etc) as residents want to get the most out of these families during times of the year that are warm.	0	0	1		

Share your thoughts!							20-Aug-21
Date of contribution	Ideas		Votes		Visitors		
	Title	Description	Votes	Un-votes			
Jul 19 21 01:12:06 pm	Comment response to "Please set some money aside to spray for Gypsy Moths in rural Milton & parks. "	I think it would be better and less costly to trap the moths and to have workers remove any residual eggs. I have done this successfully at home.	0	0	0		
Jul 19 21 01:14:01 pm	Comment response to "Stop construction of condos and further housing projects "	Disagree so long as this does NOT encroach on existing farmland. We need more densification.	0	0	0		
Jul 19 21 01:19:23 pm	Comment response to "Reduce low value high cost feel good clean up"	I don't think the roundabouts are too small for trucks. That really is a case of the trucks being too big for the kind of roundabouts appropriate for our town, and such large trucks should be banned.	0	0	0		
Jul 21 21 10:22:57 pm	Comment response to "Please set some money aside to spray for Gypsy Moths in rural Milton & parks. "	Trapping moths when you have ACRES of trees/shrubs is darn near impossible. Overhead spraying is the only way to handle parks and large rural areas.	0	0	0		

Appendix B - CORS-045-21 - 2022 and 2023 Budget Pressure Details

Component	2022 Net Levy Impact \$ (000's)	2022 Residential Tax per \$100K of Assessment*	2022 Residential Tax % Change	2023 Net Levy Impact \$ (000's)	2023 Residential Tax per \$100K of Assessment*	2023 Residential Tax % Change	Comments
Prior Year Tax Levy	\$73,799	\$257.86		\$79,803	\$273.34		
COVID-19 Impacts:							
COVID-19 Estimated Impact	\$793	\$2.71	1.05%	\$0	\$0.00	0.00%	Net estimated impact of COVID-19 (\$0.6M Transit, \$0.19M Recreation).
COVID-19 Mitigation	(\$793)	(\$2.71)	-1.05%	\$0	\$0.00	0.00%	Assumed funding of COVID-19 pressures through a combination of cost constraint, Federal of Provincial Funding or Tax Rate Stabilization Reserve.
Inflation and Base Adjustments:							
Inflation (MPI)	\$1,956	\$6.70	2.60%	\$2,073	\$6.87	2.51%	Inflation based on Municipal Price Index (MPI) and other miscellaneous status quo items.
Non-recurring & Reversal of One-Time Transfers	\$3	\$0.01	0.00%	\$0	\$0.00	0.00%	Reversal of one-time funding from stabilization reserves included in 2021 budget (\$0.3M transit, \$0.15M library), reversal of transfer to reserve from additional assessment growth dollars from 2021 (-\$0.45M).
Service Delivery Review	\$0	\$0.00	0.00%	\$100	\$0.33	0.12%	Conversion of seasonal operations workers to full time phased in starting in 2023.
Service Enhancements	\$65	\$0.22	0.09%	\$168	\$0.56	0.20%	Introduce Transit Master Plan recommendations (cross boundary service).
Infrastructure Deficit	\$1,000	\$3.43	1.33%	\$1,000	\$3.31	1.21%	Funding to gradually reduce the infrastructure deficit outlined in existing asset management plan.
Other Base Adjustments	(\$14)	(\$0.05)	-0.02%	\$190	\$0.63	0.23%	Expected additional hydro savings from implementation of solar panels at Sherwood Community Centre (-\$0.1M in 2022), additional revenues from new mortgage billing fee (-\$0.1M in 2022), staffing costs including progression of fire staff through ranks (\$0.2M in each of 2022 and 2023).
Total Inflation & Base Adjustments	\$3,010	\$10.31	4.00%	\$3,531	\$11.70	4.28%	
Growth Related:							
State of Good Repair for Constructed & Assumed Assets	\$907	\$3.11	1.21%	\$2,135	\$7.07	2.59%	Lifecycle contributions to reserves based on budgeted and assumed assets in order to prevent a further increase in the infrastructure funding deficit.
Expanding Service to Growth Areas	\$1,446	\$4.95	1.92%	\$1,834	\$6.08	2.22%	Costs (materials, contracts etc.) of expanding service to growth areas e.g. road and park maintenance, expansion of transit to Derry Green & Boyne areas in (\$0.6M in 2022 and \$0.8M in 2023). Additional fire staffing in relation to Fire Master Plan (\$0.8M in 2022 and \$1.0M in 2023).
Other Growth-Related Impacts	\$641	\$2.20	0.85%	\$1,585	\$5.25	1.92%	Funding for legislated development charge exemptions (\$0.2M in each of 2022/2023), growth related increase to reserves (\$0.4M in 2022, \$0.2M in 2023), transit facility (\$0.2M in 2023), HRIS (\$0.4M in 2023), Library Bookmobile (\$0.2M in 2023).
Total Growth Related	\$2,994	\$10.26	3.98%	\$5,554	\$18.40	6.73%	
Total Increase in Levy	\$6,004	\$20.57	7.98%	\$9,085	\$30.11	11.01%	
Total Tax Levy	\$79,803	\$278.43		\$88,888	\$303.45		
Estimated Assessment Growth (net of reductions)**	(\$1,487)	(\$5.09)	-1.98%	(\$2,683)	(\$8.89)	-3.25%	Forecast assessment growth based on updated residential growth forecast and expected industrial/commercial development.
Forecasted Net Tax Levy Increase Required)	\$4,517	\$273.34	6.00%	\$6,402	\$294.55	7.76%	

* Based on 2021 CVA values per 2021 Final Tax Levy By-law, CORS-025-21. 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.).

CORS-045-21 Budget Call Report 2021 (Appendix C)
2022 Capital and Operating Budget Timetable

