



REPORT

TO: Chair and Members of the Budget Committee

FROM: Amy Prueter, Budgets and Financial Reporting Supervisor

DATE: January 9, 2023

REPORT NO.: CORPSERV-2023-0002

SUBJECT: 2023 Proposed Capital and Operating Budget and Business Plan

RECOMMENDATION:

THAT Report No. CORPSERV-2023-0002 dated January 9, 2023 regarding the 2023 Proposed Capital and Operating Budget and Business Plans be received;

AND FURTHER THAT the proposed base Operating Budget levy increase of 4.97% be approved;

AND FURTHER THAT Council approve a 1.83% increase to the existing insurance special levy;

AND FURTHER THAT Council approve a 0.6% increase to the existing infrastructure gap special levy;

AND FURTHER THAT Council approve a total net levy of \$63,747,400, which includes an increase of \$4,390,100 or 7.40% for the Town portion of the 2023 Operating Budget, noting that this excludes any increases related to provisions for the Acton and Georgetown Business Improvement Associations (BIA), the Region of Halton or Education; A combined overall net levy increase of 4.48% can be anticipated based on the proposed Town rate of 7.40%, preliminary Regional budget directions of 3.0% and a 0% education increase;

AND FURTHER THAT the new Town Business License Inspection fee and associated revenue be approved as part of the 2023 Fire Services Operating Budget;

AND FURTHER THAT the Acton BIA expenditures included in the 2023 budget be approved in the gross amount of \$142,641.42, with a tax levy of \$106,909.42;

AND FURTHER THAT the Georgetown BIA expenditures included in the 2023 budget be approved in the gross amount of \$299,490.00, with a net tax levy of \$216,240.00;

AND FURTHER THAT the 2023 Capital budget in the amount of \$23,931,000 be approved;

AND FURTHER THAT revised capital financing for project number 6200-16-1702 as it pertains to the reduction in OCIF funding in 2023 be approved as set out in report CORPSERV-2023-0002;

AND FURTHER THAT the nine year, 2024-2032 Capital Budget forecast in the amount of \$494,705,000 be approved in principle subject to an annual review;

AND FURTHER THAT staff be authorized to proceed with the capital program, and any acquisitions or approval of awards, subject to the usual Town policies, by-laws, and procedures.

KEY POINTS:

The following are key points for consideration with respect to this report:

- The 2023 net operating budget is \$63,747,400 which is an increase of \$4,390,100 or a 4.97% (\$2,947,400) base budget increase plus a special levy increase for insurance purposes of 1.83% (\$1,087,700) and a special levy increase of 0.60% (\$355,000) to address the infrastructure funding gap, totaling 7.40% (Town portion) after assessment growth over the 2022 budget.
- The base levy increase covers requirements for legislative compliance, inflationary increases required to maintain existing service levels and operational needs related to increased demand. The rising insurance costs, which fall outside of current national inflationary trends and the Town's financial plan, require an increase of 1.83% to the insurance special levy to mitigate this exposure.
- The combined tax rate increase is 4.48% after factoring the Region of Halton and Education rate increases, representing estimates of 3.0% and 0.0% respectively.
- The 2023 capital budget is \$23,931,000 which is a decrease of \$3,457,100 from the 2022 budget. The 2022 capital program reflected a return to pre-pandemic levels in terms of dollars and volume and the reduction in the 2023 capital budget is a result of aligning growth-related capital projects with the timing of growth and ensuring financial affordability and sustainability, particularly in the non-growth state of good repair program.

- The budget will continue to support a fiscally sound approach to building reserves and managing debt, in accordance with the Town's policies and the Long-Range Financial Plan.

BACKGROUND AND DISCUSSION:

The Town's operating and capital budgets are the primary documents that support efficient, effective and economical service delivery. In developing Town budgets, staff considers appropriate levels of service, Council's strategic priorities, key corporate plans such as the Asset Management Plan and Corporate Energy Plan, departmental business plans and targets established through the Long-Range Financial Plan (LRFP).

As in previous years, the 2023 budget document evolved through an iterative and collaborative process between Council members, the CAO and senior staff. In the spring, a training session was held to ensure staff had a full understanding of the budget process and a set of guiding principles was used to provide a foundation for development of the budget.

Throughout the summer, each department carefully reviewed their operations, as well as rates and fees to seek efficiencies, with the resulting savings included in the 2023 budgets. In addition, the Cross-Functional Budget Review Committee representing staff from all departments met to consider proposed capital projects and prioritize them in accordance with an established decision-making tool. The capital ranking matrix uses scoring related to asset risk, level of service risk, and corporate risk to prioritize capital projects corporately in order of impact and need. Priority projects were recommended to the Senior Management Team on July 21, 2022.

On September 6, 2022, staff presented the 2023 Budget Directions report (CORPSERV-2022-0026) to Council. This report outlined the resources necessary to continue with existing levels of service and address the priorities identified by Council, while also recognizing the challenges for 2023 associated with limited assessment growth, lower revenues from development charges, and large non-discretionary cost increases, particularly in insurance premiums and WSIB reserve contributions.

During the week of January 16, 2023, staff held ward-specific meetings with members of Council. The intent was to provide members of Budget Committee with an opportunity to hear from the CAO, the Town Treasurer, and members of the Senior Management Team and provide a forum for any budget-related questions.

The 2023 proposed operating budget (including Budget Inclusions) is summarized in Appendix A and Appendix B and the 2023 capital budget plus a nine-year forecast (2024 – 2032) are shown in Appendix C.

Important to note are Council's referrals to the Budget Committee. Staff monitors referrals and incorporates them into the proposed budget where appropriate; these referrals then become part of the budget for Budget Committee to consider and approve. Appendix D lists the various items that have been referred to Budget

Committee during 2022 and provides an update on the status of those initiatives as they pertain to the 2023 budget.

The Business Improvement Associations (BIAs) submit their annual budgets to their respective boards for approval and these are included with the Town's 2023 operating budget so that the appropriate amounts can be levied. Acton BIA's budget is provided in Appendix E and Georgetown BIA's budget is provided in Appendix F.

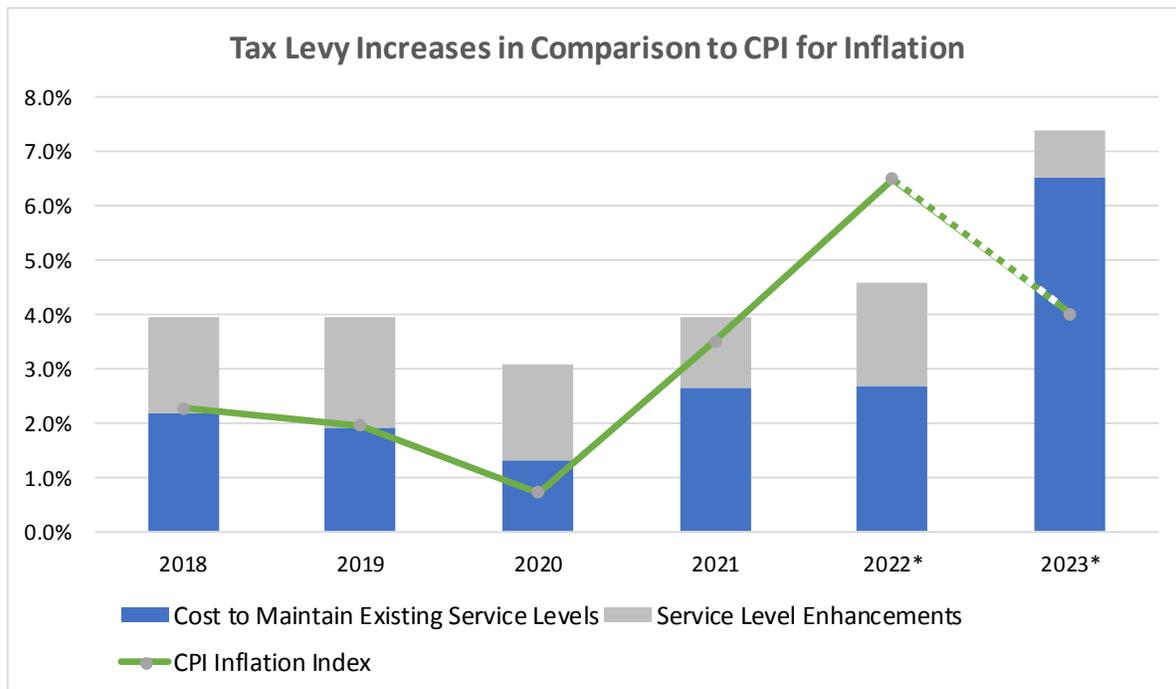
A. Property Tax Levy

The 2023 proposed operating budget is being presented at a net levy increase (Town portion) of 7.40% and is comprised of a net base operating budget increase of 4.97%, a 1.83% increase to the insurance special levy, and a 0.6% increase to the infrastructure gap special levy. This represents a net operating budget of \$63,747,400 for 2023.

The Town portion of the 2023 budget was prepared after conducting a review of increasing non-discretionary pressures, limited assessment growth, and high inflation rates and considers ongoing sustainability and affordability of the budget as per the Budget Directions report CORPSERV-2022-0026 which was approved by Council.

Over the past few years (2018-2022), the Town has been able to advance key priorities and work to enhance services, whilst maintaining an average 5-year tax levy increase of 3.89%. This has been achieved based on relatively stable inflationary cost increases, moderate assessment growth, and strategic utilization of reserves. In 2023 however, inflationary pressures, the need to meet legislative and mandatory requirements, the incorporation of existing budget deficiencies, and the maintenance of existing service levels with limited new assessment growth requires an operating budget tax rate increase of 7.4%.

The following graph shows service enhancements and base budget pressures from inflation with a comparison to CPI between 2018 and 2023:



Note CPI inflation index is estimated for 2022 and 2023

Source: Statistics Canada and Bank of Canada calculations, estimates and projections

The 7.40% tax rate increase results in an additional \$28.13 per \$100,000 of residential current value assessment (CVA) or a 3.44% increase on the tax bill to address the Town’s budgetary needs. After considering the additional impacts of the Regional preliminary operating budgets (3.00%) and school boards (0.00%), this equates to a total combined increase of \$36.68 per \$100,000 of CVA. For the average assessed value of a home in Halton Hills of \$623,500 (per the latest MPAC assessment), this results in a \$228.69 increase to the residential property tax bill in 2023.

Property Tax Impact (per \$100,000 CVA)

| | Share of Tax Bill | 2022 Taxes | 2023 Increase | 2023 Taxes | \$ Impact on Tax Bill | % Impact on Tax Bill |
|--------------|-------------------|-----------------|---------------|-----------------|-----------------------|----------------------|
| Town | 47.78% | \$380.35 | 7.40% | \$408.48 | \$28.13 | 3.44% |
| Region | 34.33% | \$284.95 | 3.00% | \$293.50 | \$8.55 | 1.04% |
| Education | 17.90% | \$153.00 | 0.00% | \$153.00 | \$0.00 | 0.00% |
| Total | 100.00% | \$818.30 | 4.48% | \$854.98 | \$36.68 | 4.48% |

The Region of Halton tax increase is subject to change and is scheduled to be reviewed by Regional Council on January 25, 2023. Once approved by Regional Council, staff will incorporate the final combined totals and corresponding percentage increases into the Town’s final approved budget book and post on the Town’s website.

B. Operating Budget Highlights

The preliminary operating budget was prepared in consideration of the following challenges and budget drivers for 2023.

Operating Budget Challenges

The following operating budget challenges have been addressed through the 2023 proposed operating budget:

- **Low assessment growth** – the trend in low assessment growth over the past two years (0.7% in 2021 and 0.5% in 2022) is expected to continue over the next few years until assessment growth in the Vision Georgetown and the Premier Gateway areas materialize.
- **Commitments carried over from the prior year budget** - As part of the 2022 budget, Council approved budgetary commitments totaling \$2.6 million that need to be included in the 2023 budget (e.g. transit servicing on Steeles Avenue, continued catch up on insurance premium increases and contract resources etc.)
- **Inflationary concerns** – The continuing pressure on gasoline prices, interest rates, construction costs (material and labour) and consumer prices, indicate that inflationary pressures are expected to continue in the short term and have been reflected in the 2023 Budget.
- **Insurance costs** – Despite the budget increases levied through the 2022 budget for insurance related costs, the actual insurance cost in 2022 was substantially higher and will result in an unfavorable variance at year-end. It is expected that municipal insurance rates will continue to rise as the municipal insurance landscape is facing new challenges and Ontario's Joint and Several liability legislation continues to drive insurance costs upwards.
- **Cybersecurity** – in the face of increasingly sophisticated cybersecurity threats, additional funding is required to keep up with this fast-changing digital environment to protect the Town's assets and operations.
- **Statutory compliance** – There are increasing budgetary pressures to maintain compliance with the current and changing legislative requirements and/or industry standards, including a minimum wage increase in the Employment Standards Act, changing utility locate requirements under Bill 93 (Getting Ontario Connected Act, 2022), accommodation requirements in AODA (Accessibility for Ontarians with Disabilities Act, 2005), and fire prevention requirements under the Fire Prevention and Protection Act to name a few.

- **Capital funding needs & capital budget challenges** – As the Town’s existing capital assets continue to age and expand, the associated rehabilitation and replacement (i.e. state-of-good-repair program) costs have grown substantially over the past years. Further, the state-of-good-repair program has evolved to incorporate green initiatives to address the Town’s climate change mitigation and adaptation strategies. Where limited capital funding is expected, capital programs that were previously identified in the 2022 forecast needed to be deferred into future years based on affordability as assessed through the LRFP.
- **Bill 23 (More Homes Built Faster Act)** – The Province of Ontario introduced Bill 23 in October 2022, with its plan to address the housing crisis by targeting the creation of 1.5 million homes over the next 10 years. To implement the plan, Bill 23 proposed extensive changes to the Development Charges Act, 1997 (DCA), along with nine other Acts including the Planning Act (PD-2022-0050).

Due to its timing and other various unknown elements of Bill 23, the potential impacts have not been incorporated into the 2023 Budget and Business Plan. However, while it is challenging to determine the magnitude of the financial impacts at this time, it is anticipated that the DC revenue reduction measures proposed in the Bill will amplify the DC funding shortfalls and will materially impact the implementation timing of the Town’s growth-related capital projects beyond 2023. The impacts of Bill 23 will be incorporated into the next LRFP update in 2023 as more information becomes available, which will then be used to guide the 2024 budget process.

Operating Budget Drivers

The 2023 proposed operating budget results in a net increase of \$4,390,100. There was a modest increase of 0.75% in assessment growth for 2023, which adds additional tax revenues of \$443,000 and has been used in the budget to mitigate operating pressures. The following paragraphs outline in detail, the main operating budget drivers:

Continuous delivery of existing services/programs - \$3,876,900

The total increase of \$3,876,900 for continuous delivery of existing services and programs is offset by \$507,100 in contributions from reserves for a net tax impact of \$3,369,800. The programs include:

- \$1,525,206 increase for compensation and benefits for existing resources,
- \$446,400 required from the base operating budget, to retain existing contractual positions on an on-going basis.
- \$1,087,700 increase in insurance related costs and transfers to the WSIB reserve. *The funding of these exceptional increases in insurance costs, is being proposed by staff to be sourced from a 1.83% increase to the insurance special levy (dedicated to insurance and WSIB costs).*

- \$18,008 to implement the second year of the 8-year Senior Services Delivery Review (RP-2020-0027) that will phase out reliance on cost recoveries for Town staffing costs.
- \$243,300 for inflationary increases in materials and supplies required to maintain existing service levels.
- \$100,000 to protect the Town's assets and operations from increasingly sophisticated cybersecurity threats (CORPSERV-2022-0019).
- \$99,800 to address increasingly complex financial reporting challenges (\$79,800 for a new contract position – Budget Inclusion No.23-11) and short-term disability claims management program (\$20,000 – Budget Inclusion No. 23-12).
- \$77,800 to continue to implement previously approved capital projects, including annual license fees for software systems and the operating and maintenance costs of newly constructed assets.
- \$634,000 increase to sustain reserve balances, which includes \$355,000 (or 0.6%) increase in the infrastructure special levy, \$229,000 provision to strengthen the capital and tax rate stabilization reserves, and a \$50,000 increase in the transfer to the WSIB reserve (CORPSERV-2021-0007).

Statutory Compliance - \$239,700

The total statutory compliance impact of \$239,700 is offset by a net contribution from the Fire Services reserve of \$40,300 resulting in a net tax impact of \$199,400. Statutory compliance requests include:

- \$125,000 to conduct in person utility locates as required by new provincial legislation introduced in Bill 93, Getting Ontario Connected Act, 2022.
- \$145,300 for a new Fire Prevention Inspector to support the Town's compliance with National Fire Prevention Association (NFPA) standards for fire inspections.
- \$105,000 of additional revenue is anticipated with the implementation of the Town Business License Inspection fee.
- \$74,400 for Professional Instructors and Inclusion Facilitators to support compliance with the Accessibility for Ontarians with Disabilities Act (AODA) standards and the Ontario Human Rights duty to accommodate.

Investment in Transportation & Transit - \$789,000

Total costs for the investment in transportation and transit of \$789,000 is offset by revenue from the ASE program resulting in a net tax impact of \$489,700. Investments include:

- \$399,000 increase to implement a conventional transit route along Steeles Avenue.
- \$323,700 to implement a new automated speed enforcement (ASE) program (TPW-2022-0001), which includes contract staff and annual operating costs (Budget Inclusion No. 23-18). In addition, the program requires \$180,000 in

capital funding (project no. 6100-10-2301) to purchase and install equipment for the program.

- \$49,700 increase to continue and expand the ActiVan service to Oakville Trafalgar Memorial Hospital (Budget Inclusions No. 23-16 and 23-17)

Investment in Climate Change Mitigation & Adaption - \$135,000

- \$75,000 to replace existing level 2 electric vehicle (EV) charging stations and to provide level 3 EV charging stations at Town facilities (Budget Inclusion No. 23-07).
- \$60,000 in one-time funding to facilitate community engagement for climate change and adaptation outreach and the Low Carbon Transition Strategy (LCTS).

Other Service Enhancements - \$219,800

Total costs for other service enhancements of \$219,800 are offset by \$32,600 in funding from existing capital budget sources which results in a net tax impact of \$187,200.

These enhancements include:

- \$125,000 to support the Equity, Diversity and Inclusion (EDI) strategy and the Truth and Reconciliation (TRC) program (Budget Inclusions No.23-01 and 23-02).
- \$86,000 to accommodate a new Community Creativity and Cultural Hub space (Budget Inclusion 23-04).
- An increase of \$8,800 to expand the Heritage Property Grant program and increase the number of student hours dedicated to the program.

Operating Budget Inclusions

Appendix B lists a summary of the operating Budget Inclusions incorporated in the 2023 operating budget. These budget inclusions address priority budget increases at a total net cost of \$983,200, in order to meet legislative requirements, changes to staffing levels or provide service level enhancements for consideration.

Special Levies

Special levies are raised to provide a funding source that directs tax levies to a specific purpose or objective. In the 2022 tax year, the Town introduced a new special levy as part of a funding plan to offset insurance related cost increases. A proposed increase to the insurance special levy of \$1,087,700 (1.83%) in 2023 will provide the required tax funding to address the budget shortfalls for the actual premium in 2022, replace the one-time funding source from the 2022 budget that is no longer available, provide for a

20% increase in premiums for 2023 and increase the available budget for insurance adjuster fees to allow additional claims investigation.

The infrastructure gap levy was first introduced in 2019 as a critical financing source to address long term capital needs for replacement of core infrastructure. The 2022 Core Infrastructure Asset Management Plan (report ADMIN-2022-0014) identified that the Town's infrastructure funding deficit totals \$14.5M per annum. This was based on a comparison of the projected whole lifecycle needs with the funding available in the 10-year planned capital and operating budget forecast. This gap is expected to increase as construction costs rise and new assets are constructed.

Accordingly, the infrastructure gap special levy (0.6%/year) is required on an on-going basis and is a critical capital funding source in the LRFP, for the infrastructure deficit and the growing state-of-good repair program. One of the key objectives of the LRFP and the Asset Management Plan is to ensure that a sustainable financing plan is provided, to address the state-of-good-repair needs of the Town's existing assets on a timely basis and therefore eventually reduce the infrastructure gap.

C. Capital Budget Highlights

The capital budget is developed in consideration of Council's strategic priorities, the capital forecast approved in principle as part of the 2022 budget, the Corporate Asset Management Plan, the Corporate Energy Plan, department strategic plans, and in-year Council and Committee reports. The Town's 2023 capital budget was prepared with a focus on affordability and alignment of the growth-related capital program with the timing of when growth is expected to occur.

The proposed 2023 capital budget amounting to \$23,931,000, is funded in the main through capital reserves, followed by grants from other levels of government, development charges, general/special levies, and the parkland cash-in-lieu reserve. The funding strategy is based on many factors including an analysis of the timing and mix of projects and a reserve cash flow analysis undertaken as part of the 2022 LRFP update.

The table shown below summarizes the proposed capital budget by department and the associated funding sources:

Town of Halton Hills
2023 Capital Budget
Projects within Funding Guidelines

| Department | Gross Cost | General & Special Tax Levies | Development Charges | Capital Reserves | Ontario Community Infrastructure Fund (OCIF) | Canada Community-Building Fund (CCBF) | Other |
|---------------------------------|-------------------|------------------------------|---------------------|-------------------|--|---------------------------------------|----------------|
| Office of the CAO | 60,000 | - | - | 60,000 | - | - | - |
| Business, Environment & Culture | 791,000 | - | - | 766,000 | 25,000 | - | - |
| Corporate Services | 385,000 | 15,000 | - | 370,000 | - | - | - |
| Library | 567,000 | 399,000 | - | 168,000 | - | - | - |
| Fire Services | 2,371,000 | 75,000 | - | 2,296,000 | - | - | - |
| Transportation & Public Works | 17,159,000 | 1,665,000 | 3,516,000 | 6,851,000 | 2,972,000 | 2,067,000 | 88,000 |
| Planning & Sustainability | 70,000 | - | 27,000 | 43,000 | - | - | - |
| Recreation & Parks | 2,528,000 | 31,100 | 544,000 | 1,652,900 | - | - | 300,000 |
| Totals | 23,931,000 | 2,185,100 | 4,087,000 | 12,206,900 | 2,997,000 | 2,067,000 | 388,000 |

It should be noted that the total capital financing has been adjusted to reflect a correction related to financing for project 8500-19-0109 (Playing Field Rehabilitation). This adjustment now correctly reflects the capital financing included in the proposed 2023 operating budget as shown below:

| | Total Cost | Financing | |
|------------------------------|------------|------------------------------|-------------------------|
| | | General & Special Tax Levies | Capital Replace Reserve |
| 8500-19-0109 | | | |
| Proposed 2023 Capital Budget | \$ 62,000 | \$ 30,000 | \$ 32,000 |
| Revised 2023 Capital Budget | 62,000 | 11,100 | 50,900 |
| Difference | \$ - | \$ (18,900) | \$ 18,900 |

The highest value projects scheduled for 2023 total \$16,919,000 and are highlighted in the following table. These ten projects account for approximately 71% of the total proposed capital budget.

| Project No. | Project Name | 2023 Score | Department | Total Cost |
|--------------|--|------------|-------------------------------|-------------------|
| 6200-16-2203 | 10th Line Resurfacing - 10 sdrd to Steeles | 3.0 | Transportation & Public Works | 3,590,000 |
| 6200-16-1702 | Collector/Arterial Asphalt Res | 3.7 | Transportation & Public Works | 2,513,000 |
| 6200-16-1004 | Main St Glen Williams Eng | 3.3 | Transportation & Public Works | 2,051,000 |
| 6200-16-0104 | Pavement Management | 4.2 | Transportation & Public Works | 1,956,000 |
| 5900-25-2303 | Replace Ladder 750 (A3) | 5.0 | Fire Services | 1,800,000 |
| 6500-06-0102 | Equipment Replacement | 3.3 | Transportation & Public Works | 1,693,000 |
| 6200-16-1601 | Todd Road Reconstruction | 2.8 | Transportation & Public Works | 1,538,000 |
| 6200-26-1911 | #23 6th Line Culvert Replacement | 3.4 | Transportation & Public Works | 769,000 |
| 6500-06-1701 | New Equipment | 4.4 | Transportation & Public Works | 510,000 |
| 3000-15-0101 | Library Materials | 4.2 | Library Services | 499,000 |
| Total | | | | 16,919,000 |

OCIF Funding

The Ontario Community Infrastructure Fund (OCIF) provides funding to small, rural and northern communities in Ontario using a formula-based allocation. In 2022, the province changed the funding allocation formula for this grant. As a result, the Town was notified that the 2023 allocation was reduced to \$2,747,515, a drop of \$484,855 from the 2022 allocation. The notification was received in December 2022 after the 2023 proposed capital budget, funding plan and budget binder had been prepared. As such staff are recommending that the reduction in OCIF funding for 2023 be adjusted in project 6200-16-1702 (Collector/Arterial Asphalt Resurfacing) as shown below:

| 6200-16-1702 | Total Cost | Financing | |
|------------------------------|--------------|------------|--------------|
| | | CCBF | OCIF |
| Proposed 2023 Capital Budget | \$ 2,513,000 | \$ 957,000 | \$ 1,556,000 |
| Revised 2023 Capital Budget | 2,513,000 | 1,152,000 | 1,361,000 |
| Difference | \$ - | \$ 195,000 | \$ (195,000) |

Impacts of Capital Budget on Operating Budget

As capital projects are completed, some projects can impact the operating budget. For example, new software implementation may have an associated subscription fee or new assets may require maintenance. There is an operating budget impact of \$77,800 in 2023 for prior-year approved capital projects and the proposed 2023 capital budget.

The following table provides further details on the operating impacts in 2023:

Operating Impacts from Capital Budgets approved in prior years

| Project | 2023 Impact |
|--|--------------------|
| 2300-05-0107 AVL Ph 3 – Winter Maintenance Vehicles Camera Implement | 4,300 |
| 6100-22-1805 Trucking Strategy Implementation | 8,000 |
| 8500-11-2003 Tolton Lands Redevelopment | 10,000 |
| 6100-16-2106 Steeles Ave Corridor Transit Infrastructure | 18,000 |
| 6200-22-2201 Weather & Flow Monitoring Stations | 3,500 |
| Total Operating Impacts | 43,800 |

Proposed Operating impacts from the 2023 Capital Budget

| Project | 2023 Impact |
|---|--------------------|
| Transportation & Public Works | |
| 6100-16-0103 School Zone Traffic Calming Program | 2,000 |
| 6100-17-1801 Infill Sidewalk Connections | 2,000 |
| 6100-18-2301 40 km/h Speed Limit Area Implementation | 4,000 |
| 6100-21-0107 Streetlight and Pole Replacement | 2,000 |
| 6100-21-1701 Rural Intersection Streetlighting | 1,000 |
| 6100-21-1802 Streetlight Pole Transformer Replacement | 2,000 |
| 6100-28-0101 Opticom Replacement Program | 2,000 |
| 6100-28-1516 Neighbourhood Traffic Calming | 2,000 |
| 6100-28-1703 Pedestrian Crossings | 3,000 |
| 6100-28-1808 Mandated AODA Accessible Traffic Signals | 4,000 |
| 6500-18-0110 Traffic Infrastructure (Annual) | 5,000 |
| Recreation & Parks | |
| 8500-11-1802 Halton Hills Drive Park | 5,000 |
| Total Operating Impacts | 34,000 |
| TOTAL OPERATING BUDGET IMPACT (including prior year) | 77,800 |

D. Ten-year Capital Plan (2023 – 2032)

The ten-year capital program and funding sources are summarized in the following table:

| Department | 2023 | 2024 | 2025 | 2026 | 2027 - 2032 | Total |
|---------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Office of the CAO | 60 | 40 | 40 | 40 | 360 | 540 |
| Business, Environment & Culture | 791 | 1,178 | 478 | 623 | 3,283 | 6,353 |
| Corporate Services | 385 | 1,800 | 1,055 | 635 | 3,433 | 7,308 |
| Library Services | 567 | 555 | 596 | 729 | 17,432 | 19,879 |
| Fire Services | 2,371 | 2,124 | 1,263 | 1,123 | 21,707 | 28,588 |
| Transportation & Public Works | 17,159 | 19,466 | 26,181 | 18,257 | 175,747 | 256,810 |
| Planning & Development | 70 | 300 | 870 | 1,500 | 4,180 | 6,920 |
| Recreation & Parks | 2,528 | 19,572 | 8,167 | 30,292 | 131,679 | 192,238 |
| Total | 23,931 | 45,035 | 38,650 | 53,199 | 357,821 | 518,636 |
| Funding Sources | | | | | | |
| Capital Reserves | 12,188 | 19,306 | 16,722 | 14,825 | 81,429 | 144,470 |
| Development Charges | 4,087 | 8,114 | 9,892 | 13,841 | 125,823 | 161,757 |
| Cash In Lieu & CBC | 300 | 700 | 1,058 | 2,000 | 34,058 | 38,116 |
| Debentures | - | 9,736 | 2,815 | 15,225 | 70,753 | 98,529 |
| Grants & Subsidies | 5,152 | 4,802 | 5,746 | 4,881 | 32,377 | 52,958 |
| General & Special Tax Levies | 2,204 | 2,377 | 2,417 | 2,427 | 13,382 | 22,807 |
| Total | 23,931 | 45,035 | 38,650 | 53,199 | 357,821 | 518,636 |

The nine-year capital forecast of \$494,705,000 (2024 to 2032) is subject to change due to many factors such as the timing of growth, cost increases and changing priorities. As such, it is presented to Budget Committee for approval in principle only and will be reviewed and updated each budget year.

When compared to the previous 2022 ten-year plan, there is a resulting \$64.2 million increase. The increased costs are largely driven by the updated state-of-good-repair (rehabilitation and replacement) program (which incorporated costs from recent tenders and design work) and by the growth-related capital program costs included in the 2022 Development Charges Study. The Town's capital program continues to incorporate green initiatives to address the Town's climate change mitigation and adaptation strategies as discussed further below.

As noted earlier, the impact of Bill 23 has not been incorporated into the 2023 Capital Budget and Forecast. The impacts of Bill 23 will be incorporated into the next LRFP update in 2023, which will then be used to guide the 2024 budget process.

E. Acton Business Improvement Area

The 2023 budget for the Acton Business Improvement Area can be found in Appendix E. The proposed 2023 budget is \$142,641.42 in gross expenditures and a net tax levy of \$106,909.42. This represents a 5% net levy increase from 2022.

F. Georgetown Business Improvement Area

The 2023 budget for the Georgetown Business Improvement Area can be found in Appendix F. The proposed 2023 budget is \$299,490.00 in gross expenditures and a net tax levy of \$216,240.00. This represents a 2% net levy increase from 2022.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

This report also identifies fiscal and corporate management as one of the Town's Strategic priorities.

RELATIONSHIP TO CLIMATE CHANGE:

This report impacts and/or helps address climate change and the Town's resiliency through climate adaptation.

The Town continues to take actions to address climate change to meet the climate emergency declaration requirements and build a low carbon and resilient future. As part of its "Plan while Doing" approach, staff is keeping track of the additional costs required and continue to identify future needs for climate actions, which are included in the capital budgeting process.

The 2023 – 2032 ten-year capital program identifies a total investment of \$14.6M to implement the Town's Climate Change Mitigation/Adaptation strategies through various programs. The 2023 investment of \$700K includes ActiVan vehicle replacement and the replacement of the HVAC systems and equipment at Mold-Masters Arena.

As the Town's Climate Change Action Plan evolves and additional information becomes available for other infrastructure and assets, future demands for further investments will be identified. For example, the electrification of the Town's fleet, and the Gellert Community Centre Low Carbon Design Brief requirements will identify additional requirements once they are completed. These additional funding requirements will be reviewed as part of the annual budget processes and will be incorporated into the Town's capital plan as appropriate.

PUBLIC ENGAGEMENT:

Public Engagement has been conducted as follows:

All Budget Committee meetings are open to the public and the notice of all meetings is posted on the Town's website. The budget documents will be available to the public for viewing through the branches of the Halton Hills Public Library or through the Corporate Services department. Once the budgets are approved, summary information is available on the Town's website.

INTERNAL CONSULTATION:

The preparation of this report and budget information was done in consultation with all departments.

FINANCIAL IMPLICATIONS:

This report has an immediate financial impact and requires a funding source.

Staff is recommending that the proposed 2023 operating budget be approved at a net for levy amount of \$63,747,400. The proposed levy increase is 7.40% and includes a net base operating budget increase of 4.97%, a 1.83% increase to the insurance special levy and an increase of 0.6% to the infrastructure gap special levy. If approved by Council, the net increase to the residential tax rate would be approximately 4.48% when the Town's increase is combined with those estimated by the Region of Halton (3.0%) and Education (0.0%).

The proposed 2023 capital budget of \$23,931,000 is being submitted for Budget Committee's consideration along with a 9-year (2024-2032) capital forecast totaling \$494,705,000. The 9-year forecast is for approval in principle only and will be reviewed as part of the annual budget process each year.

Reviewed and approved by,

Jinsun Kim, Manager of Financial Planning

Moya Jane Leighton, Director of Finance & Town Treasurer

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer