



REPORT

REPORT TO: Mayor Bonnette and Members of Council

REPORT FROM: Amy Prueter
Acting Budgets & Financial Reporting Supervisor

DATE: October 23, 2020

REPORT NO.: CORPSERV-2020-0030

RE: 2021 Budget Directions Report

RECOMMENDATION:

THAT Report No. CORPSERV-2020-0030 dated October 23, 2020 regarding the 2021 Budget Directions Report be received;

AND FURTHER THAT staff be directed to prepare the proposed Town 2021 operating budget with no greater levy increase in the Town portion than 3.9%, consisting of a base budget increase not exceeding 3.3%, plus 0.6% dedicated to the Infrastructure Gap Levy, representing an expected overall property tax increase of 2.4% including Town (3.9%), Region (2.0%) and school board (0.0%) portions;

AND FURTHER THAT the specific guidelines contained in this report be used by staff as the basis to prepare the 2021 preliminary operating and capital budgets and the 2021-2030 capital forecast for Council's consideration;

AND FURTHER THAT Council approves the creation of a Financial Sustainability special levy in the annual amount of \$1,370,800, fully funded through the repurposing of existing special levies.

BACKGROUND:

The purpose of this report is to seek approval from Budget Committee for the guidelines to be considered in the preparation of the 2021 operating and capital budgets. This report will outline the resources necessary to continue with existing levels of service and address Council's key priorities, while also recognizing the challenges and budget pressures currently affecting the Town. This information will be used as direction for staff to prepare the final 2021 operating and capital budgets.

COMMENTS:

A. Executive Summary

- Net of assessment growth, staff recommends a tax levy increase of 3.9%, consistent with levels projected in the Long Range Financial Plan. The recommended levy includes inflation and non-discretionary increases required to maintain existing service levels, as well a 0.6% dedicated tax levy to close the infrastructure gap.
- The 3.9% levy also supports Council's strategic priorities as outlined in the Town of Halton Hills Strategic Plan. A strategic plan is established each term of Council to identify the key priorities and focus resources. In 2020, Council's priorities were updated for the 2019-2022 term of Council with a vision, mission, values and focus areas, accompanied by guiding statements that will be supported by the 2021 Budget and Business Plan. The following are Council's Strategic Priorities and Focus Areas in no particular order:
 - Shaping Growth
 - Residential Greenfield Growth
 - Intensification
 - Downtown Revitalization
 - Employment Lands
 - Affordable Housing
 - Water and Wastewater infrastructure
 - Transportation
 - Trucks
 - Bike Lanes
 - Traffic Safety
 - Transit
 - Climate Change and the Environment
 - Action on Climate Change
 - Resilient Infrastructure
 - Low Carbon Transition
 - Tree Canopy
 - Fiscal and Corporate Management
 - Stick with Fiscal Plan
 - Maintain Services
 - Capital Assets and Liabilities Management
 - Communications
 - Local Autonomy and Advocacy
 - Provincial
 - Federal
 - Ensure a Vibrant Agricultural Community
 - Protect Agricultural Land
 - Promote Agritourism

- Youth and Seniors Initiatives
 - Engagement
 - Services and Facilities
- The Town relies on several key sources of revenue including assessment from the tax base, supplementary taxes, user fees, and dividend and interest payments from Halton Hills Hydro. With regards to assessment, growth to the base in 2021 is estimated to be \$504,000. Given uncertainties surrounding supplementary taxes, the budget will remain at \$325,000. User fees are another significant source of revenue and are reviewed by departments every year. The recent review of Recreation and Parks user rates and fees and development of a new framework to rationalize rates and recoveries has resulted in a reduction in some fees in order to align with municipal comparators.
- Halton Hills Community Energy Corporation will continue to provide dividends and interest payments in 2021, as well as the second installment of a 6-year promissory note re-payment that will result in a steady cash flow for the Town to support the (1) re-payment of debt; (2) the building of reserves; and (3) priority capital projects.
- The Town is anticipating a minimum of \$6.5M in grants and transfers in 2021, which will be used to advance strategic priorities such as corporate asset management and the ability to maintain transportation infrastructure in a state-of-good-repair.
- Over the last four years, the Town has been able to deliver on priorities by identifying and implementing efficiencies that have reduced costs. These have ranged from the introduction of time-saving technology to collaborative projects that have enhanced service and saved time and money. For the 2021 budget, staff will continue to identify savings to mitigate non-discretionary increases.
- The net impact on property taxes will result in an overall increase of 2.4% (blended rate), based on current value assessment and the preliminary operating budgets of the Region (2.0% increase) and the school boards (0.0%).
- The Town uses a comprehensive long range financial planning tool as part of the budget process to ensure reserve targets, cash balances and expenditure levels are managed and maintained. An update on the status of the long range financial projections will be provided to Council at the upcoming Budget Committee meeting.

B. Budget Schedule

The Budget and Business Plan will be issued to Council as one consolidated document on November 16, 2020 in advance of the Ward briefings and Budget Committee review dates. The Budget and Business Plan will be organized by department, with each departmental section represented by their respective business plan, operating and capital budgets and 9-year capital forecast.

Ward briefings will be scheduled for the week of November 23, 2020. The intent is to provide members of the Budget Committee with an opportunity to hear from the Acting CAO, the Town Treasurer and members of the Senior Management Team and to provide a forum for any budget-related questions. The Budget Committee will review the budget on December 7, 2020, with Council approval scheduled for December 14, 2020.

C. Budget Principles

The 2021 Budget and Business Plan will be prepared in accordance with the following principles:

- The annual budget reflects and supports the priorities of the Town's Strategic Plan;
- The annual budget is aligned with the targets set out in the Long Range Financial Plan (LRFP) and the financial policies approved by Council;
- The annual budget accounts for the investment required to maintain infrastructure in a state of good repair in accordance with the Corporate Asset Management Plan;
- Ongoing expenses are funded from sustainable revenue sources to ensure continuity of services;
- The total debt servicing cost (principal and interest payments) does not exceed Council's approved debt limit of 10% of the Town's tax levy;
- All growth-related infrastructure costs that can be recovered under the Development Charges Act will be supported from development charge revenue in the annual budget and in accordance with the LRFP. Growth will be interim-financed through reserves, where necessary;
- Reserves are maintained as per policy in order to repair/replace infrastructure, fund identified priorities, and ensure long-term financial sustainability;
- All grants available to municipalities will be pursued (federal, provincial and other funding opportunities);
- New services, service level enhancements and increases to the full-time staff complement require an accompanying Budget Inclusion form to be considered by Council as part of the annual budget process;
- The 2021 capital budget will focus on projects that are related to health and safety and the maintenance of assets in a state of good repair, to allow staff time to address the previously approved backlog of capital projects. Any new 2021 capital projects will require an accompanying Capital Project Information Sheet to be considered by Council as part of the annual budget process.

- The 2021 operating budget will be prepared without any adjustments for COVID-19 related service level changes or restrictions.

D. Recommended Budget Direction

Staff recommends a tax levy increase of 3.9%, net of assessment growth. The levy consists of a base budget increase of 3.3%, including an inflationary amount and the continuation of the Infrastructure Gap Levy of 0.6%. This proposed levy is possible as a result of a careful review of all current programs and service levels along with a controlled approach to providing new services. For 2021, the Town will continue to face uncertainty resulting from the COVID-19 pandemic, however staff is confident that they can address priority issues both from an operating and capital perspective within this proposed tax levy increase.

In addition to the pandemic the Town will also face budget challenges in 2021 from other key sources:

User Fee Revenues

User fees are a critical source of revenue for the Town. They are reviewed annually from the perspective of service delivery, cost recovery, comparability of fees with neighbouring municipalities and market demand. In January 2020, staff presented report RP-2020-0004 *Recreation Rates and Fees Final Strategy: Final Report* to Council. Watson & Associates were retained to lead a community engagement process to help inform a new rate structure strategy for the Recreation & Parks Department. The recommendations in the report included a phased approach to reducing some Recreation and Parks fees to align with municipal comparators. Phase 1 of the fee reduction occurred in 2020 and Council approved a one-time contribution of \$250,700 from the Tax Rate Stabilization reserve to mitigate the impact. Phase 2 of the fee reduction will take place in 2021 where lower net revenues of \$252,600 are expected, primarily related to ice rental rates, and staff plan to absorb this within the base budget.

Assessment Growth and Supplemental Tax Billing Revenues

Assessment growth and supplemental tax billing revenues are another important element of the annual budgeted cash inflows and the Town relies on these to minimize tax rate increases. They fluctuate greatly each year due to a number of reasons such as the focus of the Municipal Property Assessment Corporation (MPAC), the economic climate and unexpected factors such as COVID-19, where site inspections were suspended at the beginning of the pandemic. Based on current estimates it is anticipated that assessment growth in 2021 will be 0.9%, which amounts to additional revenues of \$504,000. Supplementary tax billings can vary each year and have ranged from \$350,000 to as high as \$1.3M, therefore, staff are not budgeting an increase in 2021 and will maintain the budget at the current level of \$325,000. This level of growth is the lowest that the Town has experienced in the past few years creating pressures that limit budget increases and service level enhancements.

Revenues from Halton Hills Community Energy Corporation

Halton Hills Community Energy Corporation (HHCEC) and its subsidiaries contribute significant streams of revenue to the Town, through dividend and interest re-payments. In 2021 the annual dividends are expected to be \$1,692,000, and \$1.3M of this is utilized to offset operating costs in the Town's operating budget, with the remaining \$378,900 directed to reserves to assist with the Long Range Financial Plan targets. In July 2019, Council approved a six year plan for HHCEC to repay a \$16.1M Promissory Note to the Town. This provides a steady and predictable cash flow to address the: reduction of debt, the strengthening of reserves, and support for critical capital projects. As Halton Hills Community Energy Corporation (HHCEC) continues to repay the Promissory Note to the Town, there is an offsetting reduction in cash inflows from interest repayments, which also impact the base budget. For 2021 the interest payments are anticipated to be \$478K, a reduction of \$122K over 2020. The Town places 100% of this interest income into reserves.

Grants from other levels of government

The Town anticipates grants and transfers from upper levels of government to total \$6.5M in 2021, with \$5.5M supporting the capital budget and just under \$1M supporting the operating budget. These funds are instrumental in supporting the Town's public transit and transportation programs, as well as major infrastructure replacement, including funding for the following major capital projects in 2021:

- Collector/Arterial Asphalt Resurfacing Program
- Third Line Resurfacing – Urban Limit to 32 Sideroad
- Cycling Infrastructure
- Ontario Street Reconstruction and Bridge Replacement
- Tolton Lands Redevelopment
- Queen Street (Acton) Reconstruction
- Glen Lawson Road Improvements
- ActiVan Replacement Vehicles

Special levies

Special levies are raised to provide a funding source that directs tax levies to a specific purpose or objective. For the 2020 tax year, the Town had several special levies in place, three of which have now fulfilled or partially fulfilled their original purpose.

The Georgetown Hospital special levy was created in 2011 to fund a ten year debenture allowing the Town to provide a \$2.682M grant to the Georgetown Hospital for a capital expansion project as outlined in report ADMIN-2011-0020. The annual value of the levy is \$335,000 and the funding required for the expansion project has been collected in full.

The Fair Workplaces, Better Jobs Act special levy was created in 2018 to support the Provincially legislated increases in the minimum wage and benefits for part-time staff. This levy was \$185,500 per year, however, the full realm of these changes did not come into effect, and only \$153,500 of this levy is now required, leaving a surplus of \$32,000.

The Arena Program Special Levy which was created through the combination of two special levies has partially fulfilled its original intent. In 2011, Council approved R-2011-0008, a detailed financing plan for the Town's arena expansion program. Part of this financial plan included the repurposing of the existing Gellert Phase I special levy, which dated back to 2001, to collect \$3.36M and the creation of a new dedicated arena levy, phased in over 3 years to collect a further \$5.15M. In aggregate the combined levy supported the collection of \$8.51M to finance the arenas collecting \$1,232,700 each year. At the end of 2020, \$8.3M of the \$8.51M has been levied resulting in the need to levy only \$228.9K in 2021 to fulfil the arena levy requirements.

The Town is facing some fiscal challenges due to uncertainty around timing of upcoming growth, existing shortfalls in development charges collections and the unknown factors faced through the COVID-19 pandemic. Using the Long Range Financial Plan model, it is necessary to retain the cash inflows associated with these special levies and repurpose them to support and strengthen the Town's fiscal position. Staff are therefore recommending that the 3 special levies noted above are repurposed and combined into one financial sustainability special levy. This will be a phased repurposing over 2 years as follows:

- A. \$1,370,800 in 2021 and
- B. \$1,599,700 in 2022 once the remaining \$228.9K pertaining to the arena levy has been levied in 2021.

Special Levy	Amount to be reallocated
Georgetown Hospital	\$335,000
Fair Workplaces, Better Jobs Act	\$32,000
Arena Program	\$1,003,800
Total to be repurposed to Financial Sustainability Levy in 2021	\$1,370,800
Arena Program – remaining levy 2021 only	\$228,900
Financial Sustainability Levy 2022	\$1,599,700

E 2021 Budget Assumptions

The 2021 Budget Direction was prepared using the following assumptions:

1. COVID-19 impacts to operations and funding from grants have not been included in the 2021 operating budget. The operating impacts will be tracked on the basis of actual costs incurred and will be reported as a variance to budget for 2021.
2. A projected 0.9% increase in assessment growth for 2021, equating to additional tax revenues of \$504,000. This is related mostly to the addition of new residential building construction.
3. A projected impact of \$1,470,300 for compensation and benefits adjustments. This includes previously approved union contract adjustments, performance increments, job evaluation changes, proposed non-union economic adjustment of 1% (phased in with 0.5% January 1, 2021 and 0.5% July 1, 2021) and any benefit costs associated with the Town's benefit provider.
4. Conversion of the existing Heritage Planner position to a Planner position covering both policy and development review at a net incremental cost of \$27,600.
5. Continuation of existing 2020 contractual positions to be funded by the Tax Rate Stabilization Reserve for 2021 in order to maintain service levels.
6. An addition of \$35,000 for costs related to the delivery of the Smart Commute Program originally funded by the Region of Halton.
7. Continuation of the special levy to address the infrastructure gap identified in the State of Infrastructure Report at a 0.6% tax levy increase of \$324,000.
8. A one-time redirection of \$150,000 of the infrastructure gap special levy to be used in the mitigation of 2021 operating budget pressures.
9. A projected base budget impact of \$86,100 which includes inflationary pressures on existing services based on the CPI forecasted inflation of 2.0% for 2021, as well as increases in materials and supplies required to maintain service levels.
10. Gross contributions to reserves in the total amount of \$11.3M are planned as per the minimum targets outlined in the LRFP.

Reserve	2021 Total Annual Contribution
Capital Reserves	7,547,431
Stabilization Reserves	2,705,800
Operating Reserves	1,069,245
Total	11,322,476

11. Operating impacts of previously approved capital projects amount to an annual increase of \$139,900. These costs include establishing the operating budget for the Acton Youth Centre, and maintenance for new sidewalk connections, street lighting, bike lanes and pedestrian crossings.
12. Reduction of Recreation & Parks user fees revenue by \$252,600 as recommended through Council report RP-2020-0004.
13. Insurance rates are estimated to increase at a rate of approximately 40% (\$311,800), since 2019 and includes the previously unbudgeted 2020 increase. This large increase is due to the industry trend of increasing rates and the rising number of claims filed against the Town. Globally, commercial insurance prices rose 19% in the 2nd quarter of 2020.
14. An increase of \$100,000 in Fire dispatch contracted services through the City of Burlington. In late 2018, the Town amalgamated dispatch services in a tripartite contractual agreement managed by the City of Burlington. Budgeted costs were originally estimated based on 2016 emergency call values. The increase reflects the estimated 2021 contracted price.
15. In 2020 as a response to the COVID-19 pandemic, staff deferred multiple capital projects to mitigate potential interruptions to cash flow and align with the slow-down in the construction sector. To allow staff time to address the previously approved backlog of capital projects, the 2021 capital budget will focus on projects that are related to health and safety and the maintenance of assets in a state of good repair.
16. The construction of the Gellert Community Centre Phase 2 will now be deferred to 2022. The design and engineering phase will continue throughout 2020 and 2021 to build on the concepts developed in 2019 while taking into consideration the sustainability features identified in the Corporate Energy Plan. Staff will also be reaching out to the public for their feedback on the conceptual designs.

The following is a history of the budgeting for the Gellert Community Centre Phase 2 project in relation to the design work that has been undertaken to date:

- In 2018, the capital budget forecast related to this project totalled \$13 million (\$11.5 million construction, \$1.5 million design and engineering). The programming for the building included multipurpose space gyms (seniors and youth), fitness space, commons areas and ancillary uses. This preliminary design completed in advance of a conceptual design and related Class D costing, relied on the program elements outlined in the 2007 Recreation and Parks Strategic Action Plan. As part of the Gellert Community Centre Feasibility Study initiated in 2018 and completed the next year, it was determined that the original floor space for the triple gymnasium and associated upper level with walking track was undersized.

- The 2019 Capital Budget was revised to incorporate the findings of the feasibility study to include - \$18 million for construction and \$1.8 million for design and engineering (\$19.8 million total). This revised cost reflects the inclusion of an approximately 50,000 square foot facility to support the proposed programming; the provision for a walking track was not explicit in the pre-2019 budgets, but the need has been reaffirmed in the public consultation done to date as part of the 2020 Strategic Action Plan Update.
- In 2020 the Town was unsuccessful in its submission for the Investing in Canada grant. Funding for construction will need to be provided through debt supported by Development Charges and Town reserves, unless alternate funding sources become available.
- In 2021 the design and engineering of the project will continue as planned with feedback solicited from the public on conceptual designs.
- The 2022 capital forecast includes a total budget of \$25 million. While the total floor area of 50,000 square feet has not been adjusted since 2018, the cost escalation noted aligns with the Investing in Canada grant program funding and is subject to Council approval. The budget is broken down as follows:
 - \$20.25 million construction (Class D costing with furnishings and contingency)
 - \$2.3 million design and engineering (including design contingency)
 - \$2.45 million to address feasibility studies, design and engineering and construction and retrofits of Phase 1 and 2 of the Gellert Community Centre to align with the Corporate Energy Plan and Climate Lens Assessments (e.g. provision of geothermal and solar infrastructure).

The table below summarizes the 2021 net operating budget based on the assumptions used in the budget directions:

**Town of Halton Hills
2021 Operating Budget
Net Expenditures by Department**

	2020		2021 Budget Target (\$)	2021 vs. 2020	
	Budget (\$)	Forecast (\$)		Budget Change	
Net Expenditures					
Council	957,600	732,832	957,300	(300)	0.0%
Office of the CAO	3,839,300	4,333,124	4,750,100	910,800	23.7%
Corporate Services	6,039,100	5,345,741	5,718,500	(320,600)	-5.3%
Library Services	3,651,100	3,243,936	3,729,300	78,200	2.1%
Fire Services	8,667,955	7,000,187	9,164,655	496,700	5.7%
Transportation & Public Works	13,767,800	1,465,309	14,090,700	322,900	2.3%
Planning & Development	1,438,100	12,586,927	1,537,500	99,400	6.9%
Recreation and Parks	7,442,300	7,911,252	7,990,200	547,900	7.4%
Corporate Revenues & Expenses	7,754,045	11,740,898	8,257,645	503,600	6.5%
Total Net Expenditures	53,557,300	54,360,206	56,195,900	2,638,600	4.9%
Town Tax Levy	(53,557,300)	(53,557,300)	(55,691,900)	(2,134,600)	4.0%
Assessment Growth			(504,000)	(504,000)	0.0%
Total Taxation	(53,557,300)	(53,557,300)	(56,195,900)	(2,638,600)	4.9%
Net Town Tax Impact (Net of Assessment Growth)	(54,061,300)		(56,195,900)	(2,134,600)	3.9%

Office of the CAO: The increase of \$910,800 is a result of the introduction of new services during the 2020 budget (The creation of a business concierge program to encourage investment and staff to address climate change initiatives). In addition, the Corporate Communications section was moved to the Office of the CAO with a corresponding cost decrease reflected within the Corporate Services operating budget.

Corporate Services: The \$320,600 net decrease is largely the result of a corporate re-organization involving the move of Corporate Communications to the Office of the CAO.

Library Services: The \$78,200 increase is due to the increase in salaries, wages and benefits to maintain existing levels of service.

Fire Services: The increase of \$496,700 is due to the projected increases in salaries and wages as a result of contract negotiations and maintaining services levels for dispatch services and emergency response.

Transportation & Public Works: The \$322,900 net increase includes sufficient funding to maintain service levels for additional roads and park space, for implementation of the Specialized Transit Plan, and to introduce the Smart Commute Program.

Planning & Development: The net increase of \$99,400 is due to the increase in salaries, wages and benefits to maintain existing levels of service.

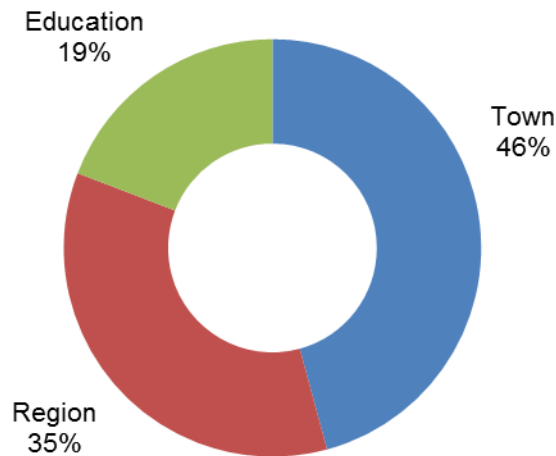
Recreation & Parks: The \$547,900 increase is the net result of implementing recommended changes to the rates and user fees, opening of the Acton Youth Centre, and adjustments to staffing levels to maintain existing service levels.

In consideration of a 3.9% increase, the property tax impact per \$100,000 of current value residential assessment is illustrated below:

PROPERTY TAX IMPACT 2021 OPERATING BUDGET (Per \$100,000 CVA)				
	2020 Final Budget	2021 Preliminary Budget	\$ Change	% Change
Town	\$351	\$365	\$14	3.9%
Region *	\$274	\$279	\$5	2.0%
Education **	\$153	\$153	\$0	0.0%
Total	\$778	\$797	\$19	2.4%

Notes:
* Based on Regional 2021 proposed budget
**Based on 2020 Education rates

DISTRIBUTION OF RESIDENTIAL TAX DOLLARS



The services provided by the Town represent a 46% share of the total tax bill. After considering the preliminary operating budgets of the Region (2.0% increase) and school boards (0.0%), the total tax rate increase is anticipated to be 2.4% based on current value assessment. Final tax rates will be calculated once the 2021 operating budgets are confirmed.

F. Strategic Actions Shaping our Future:

1. Utilizing the Long Range Financial Plan

The Long Range Financial Plan (LRFP) includes principles, policies and strategies to guide Council and staff in financial decision-making. The uncertainties of COVID-19 however have posed significant challenges in updating the LRFP for 2021 (i.e. 2021 – 2031). For a sustainable LRFP, it is critical to align the 10-year capital program with a realistic timing of growth and funding capacity to minimize the funding gap. Given the constantly changing environment and a compressed budget process due to increased reporting commitments related to the pandemic, it has proven challenging to undertake a robust review and refinement of the 9-year forecast in light of the significant economic slowdown and the resulting impact on growth.

As a result of the challenges noted above, staff are currently updating the 2019 LRFP for 2021, based on the draft 2021 budget and forecast. Additional financial assumptions will be built on the most up to date information, including the recent trends in the Development Charge (DC) revenues and assessment growth, the resulting projected cash flows in the reserves, the timing/size of potential development projects and Halton Region's development allocation program.

Some of the significant drivers being reviewed include the timing of Vision Georgetown, growth in the Premiere Gateway area, levels of assessment growth and DC revenues in light of significant capital projects identified in the forecast, such as Gellert Phase 2 and the Transit Strategy. The updated LRFP will be presented to Budget Committee and Council with the 2021 Budget and Business Plan.

With all the final legislative requirements related to Bill 108, the More Homes, More Choice Act, and, Bill 197(the COVID-19 Economic Recovery Act) having come into effect on September 18th, 2020, the Town will undertake the DC study and the Community Benefits Charges (CBC) strategy in 2021 to update the DC by-law and to implement the CBC by-law. Staff will commence a detailed review of the 10-year capital program related to growth in early 2021 to facilitate these studies. The refined capital program and the results of the DC/CBC studies will provide critical input necessary to continue to strengthen the LRFP for 2022.

2. Finding Efficiencies and Reducing Costs

Over the past five years, the Town has maintained services and delivered on Council's strategic priorities by introducing more efficient approaches that reduce costs and, in many cases, also enhance services. Savings enable staff to reallocate resources to areas needing greater support.

Significant efficiencies have been generated over the past few budgets cycles and include, but are not limited to, the following:

- Providing technology infrastructure renewal and the modernization and renewal of various enterprise business systems;
- Advancing process digitization and on-line service offerings to provide the ability for staff to work remotely so that core operations and customer service can continue during COVID-19 closures and limited operations;
- Implementing electronic management software, web streaming and closed captioning services resulting in reduced costs in document handling and the delivery of Council and Committee information in a more efficient, sustainable and accessible way;
- Adding the Long Range Financial Plan model, which has reduced the amount of time needed to develop reliable financial forecasts and expanded the ability to analyze scenarios and fiscal impacts;
- Implementing various facility improvements, as outlined in the *2018 Energy Report*, resulting in energy consumption and cost savings and a decrease in the corporate environmental footprint. Establishment of a Green Revolving Fund Reserve as per the Corporate Energy Plan approved by Council through report PLS-2019-0067. A Green Revolving Fund (GRF) is used to establish a predictable and accountable financing source for implementation of the Corporate Energy Plan. More specifically, GRFs are financial mechanisms that recycle utility cost savings, incentives and/or grants received, and other

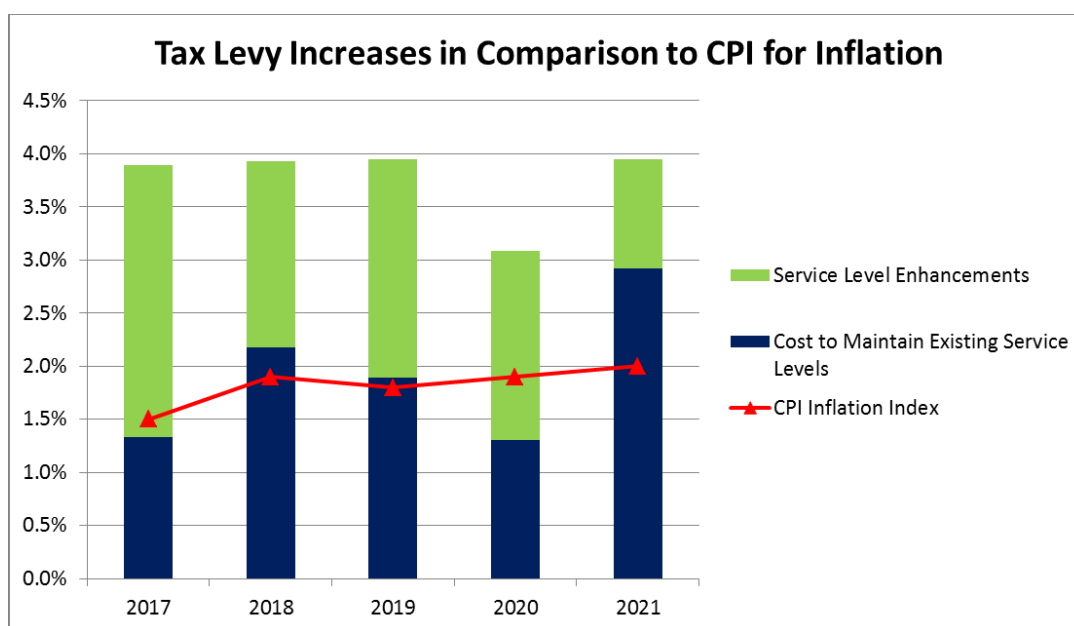
associated cost savings and revenues to finance future energy efficiency projects and support the Climate Change Emergency Strategy;

- Conversion to LED lighting for streetlights through the Town's partnership with Southwestern Energy Inc. reducing hydro costs by \$336,000 per year and supporting climate change mitigation;
- Securing alternate sources of funding from upper levels of government, which totaled \$4.4M in 2019 and was budgeted at \$7.4M in 2020. Below are highlights of grants received and the strategic investments the Town was able to make using funding received in 2019 and 2020:
 - \$1,485,000 from Ontario Connecting Links for the Queen Street in Acton road reconstruction including funding approved through the 2019 and 2020 capital budget;
 - \$271,321 from the Investing in Canada Infrastructure Program Public Transit Stream for the replacement of fleet vehicles in the ActiVan specialized transit program;
 - \$73,330 from the Investing in Canada Infrastructure Program Public Transit Stream for the installation of transit infrastructure along the Steeles Avenue corridor;
 - \$175,000 from the Federation of Canadian Municipalities for the development of a scenario-based Climate Change Adaptation Plan;
 - \$137,600 from the Federation of Canadian Municipalities to support Corporate Asset Management initiatives;
 - \$291,655 from the Investing in Canada Infrastructure Program for Glen Lawson Road/Third Line corridor improvements with additional funding to be applied in 2023 for construction;
 - \$1,879,461 from the Federal Gas Tax Fund one-time payment used to fund sports field lighting replacement at Gellert and Cedarvale Parks (\$450,000), tennis court lighting replacement at Emerson Park (\$104,000), stabilization of the road base and slope of 10th Line (\$500,000), and the installation of EV charging stations at various Town-owned facilities (\$75,000);
 - \$156,503 Modernization Grant from the Ontario Government to support the dispatch partnership with Burlington Fire Department (\$50,000), the expansion of e-services on the renewed website (\$24,000), and the introduction of the Business Concierge service to the Town (\$82,500);
 - \$40,000 CMHC Seed Funding from the Canadian Mortgage and Housing Corporation to support Affordable Housing initiatives.

3. Accommodating Base Budget Pressures from Inflation

The 2021 budget will mark the fifth consecutive year of achieving a levy target at or below 3.9%, with a 5-year average of 3.76%. In doing so, the Town has maintained existing levels of service at a rate similar to the Bank of Canada Consumer Price Index (CPI) for inflation; this has been achieved through effective financial management including aggressive debt re-payment, the building of reserves, the reduction of costs, and continuous improvement strategies. The 2021 preliminary operating budget includes three key adjustments that have resulted in service cost increases that exceed the CPI for inflation: the increase in insurance costs (40.1% increase), reduction in ice rental revenue (11.8% decrease), adjustment in fire dispatch costs (26.7% increase).

The graph below outlines service enhancements and base budget pressures from inflation in comparison with the CPI over the past five budget cycles:



By keeping the Town portion of the net levy at the 5-year average of 3.76%, the Town has been able to advance key priorities and work to enhance services. Some major service level enhancements over the past few years include:

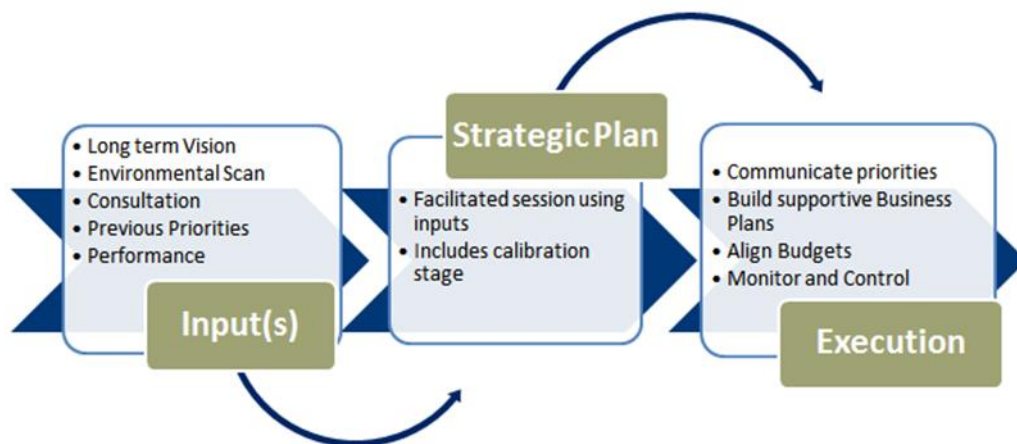
- Supporting the Fire Services Master Plan through the Special Fire Services Levy and providing 24-hour full-time emergency response service in all areas of Halton Hills;
- Addressing resourcing gaps identified in the Corporate Technology Strategic Plan;
- Enhancing Corporate Communications activities through the leveraging of social media and online public engagement;
- Further developing Cultural Services programming and launching public art;

- Strengthening support for Economic Development and foreign investment opportunities;
- Improving services to youth through assumption of youth centre operations (Off the Wall in Acton and Open Door in Georgetown) and the extension of hours and programming;
- Assuming ActiVan operations, and expanding the Youth Taxi Scrip program;
- Enhancing the urban tree canopy maintenance program;
- Expanding the heritage planning function, preserving, protecting and promoting the Town's distinctive history.
- Adding to the Library's popular e-collections and expanding technology to promote creativity and technical literacy.

4. Advancing Council's Priorities:

Council's strategic priorities as expressed through the Town of Halton Hills Strategic Plan are key considerations in the preparation of the annual departmental business plans and the Town's budget. A strategic plan is established each term of Council to identify the key priorities and focus resources. In keeping with the defined process as set out in ADMIN-2018-0032, Council's priorities were updated for the 2019-2022 term of Council. An overview of the process is depicted in Figure 1 below.

Figure 1: Process Overview



A facilitated workshop was held on June 6, 2019 with Members of Council and senior staff that identified focus areas for 2019-2022. In February 2020, Council received Report ADMIN-2020-0003 which provided a draft strategic plan and in June 2020 Council approved the final content of the strategic plan through ADMIN-2020-0021. The plan includes a vision, mission, values and focus areas, accompanied by guiding statements. The relationship of Council's strategic plan to the annual budget and business plan document is depicted in Figure 2 below.

Figure 2: Hierarchy of Strategic Planning documents



The following are Council's Strategic Priorities/Focus Areas (in no particular order), and an explanation of how staff intends to support these priorities through the 2021 Budget.

a) Shaping Growth

Halton Hills harnesses its future population and employment growth to provide new opportunities for residents, workers, businesses, and visitors.

Halton Hills works to ensure housing is accessible to all its residents at any age or stage in life.

Halton Hills grows in a way that embodies its values of social, economic, fiscal, and environmental sustainability. Staff engage with other levels of government to see that population growth in Halton Hills remains moderate.

Focus Areas:

- ***Residential Greenfield Growth***
- ***Intensification***
- ***Downtown Revitalization***
- ***Employment Lands***
- ***Affordable Housing***
- ***Water and Wastewater infrastructure***

Projects to be advanced in 2021 include:

Planning Residential Greenfield Growth / Intensification / Downtown Revitalization / Employment Lands

- Update the Town's Official Plan to implement changes required by Provincial Plans, the Provincial Policy Statement and the Regional Official Plan, including allocation of population and employment growth to the 2051 planning horizon.
- Review and update the GO Station Secondary Plan to ensure conformity with A Place to Grow and the updated Regional Official Plan and consistency with the Provincial Policy Statement.
- Prepare a Cultural Heritage Master Plan to identify and study the Town's cultural heritage resources and provide recommendations for the protection and enhancement of those resources.
- Prepare Secondary Plans for:
 - Premier Gateway Phase 2B lands.
 - Southeast Georgetown lands.
 - Stewarttown
- Review and update the Glen Williams Secondary Plan.
- Implement the growth monitoring model to track Town wide and geographic specific residential and industrial/commercial/institutional (ICI) growth against growth forecasts contained in various Planning and Finance plans and studies.
- Continue to provide input into the Halton Region Official Plan review including the Integrated Growth Management Strategy and establishing the Town's position on the post 2031 population and employment growth.

Economic Development:

In 2020, the Town updated its Economic Development and Tourism Strategy to reflect current market conditions and strategic priorities including the promotion of local job growth, investment and diversification. 2021 activities will focus on implementing the Strategy's recommendations.

In addition, the Town completed a Foreign Direct Investment Strategy that positions the Town as a prime destination for investment. This strategy also supports the growth of existing business by facilitating new market access, partnerships and employment opportunities. Implementation of the FDI Strategy is underway. Although COVID-19 has caused in-market activities and physical trade missions to be delayed, implementation has continued. In 2021, the focus will be on investment lead generation and pre-qualification, attending virtual tradeshow, and building relationships that will strengthen future in-market activities.

In 2020 the Business Concierge program, partly funded through the Modernization grant, was launched. This successful approach to mobilize resources to assist business development will be extended into 2021 with business-related processes and rapidly resolve issues.

In 2021 staff will complete a comprehensive review and update of the CIP. It will build on existing successful programs with new incentives and supports, including the Economic Assistance Program. It will expand the CIP's scope to consider additional strategic priorities, including affordable housing, brownfield redevelopment, climate change, arts and culture, and accessibility.

Affordable Housing:

The Town with the assistance of the Affordable Housing Working Group will undertake a number of initiatives to address the current and future housing needs of Halton Hills residents, including:

- Identifying opportunities for greater supply and range of affordable housing opportunities;
- Creation of financial incentives to develop affordable housing;
- Enhanced and strategic use of Town-owned surplus properties;
- Promotion and awareness of two-unit creation as an affordable housing option;
- Strong partnerships between private, non-profit, and public sector stakeholders for advancing affordable housing opportunities;

Water and Wastewater infrastructure

Staff will work with partner agencies and landowners to plan and implement the effective servicing of Vision Georgetown. As well, staff will continue to provide input into the Halton Region Official Plan review including assessing implications for servicing.

b) Transportation

People and goods move freely through Halton Hills on well-maintained transportation infrastructure.

Getting around is safe for residents of all ages through a combination of traffic calming and active transport priority routes and trails.

The municipality has a transit plan that is suitable for moving its residents and workers to where they want to go.

Halton Hills advocates for greater regional connectivity for its residents and businesses.

Focus Areas:

- ***Trucks***
- ***Bike Lanes***
- ***Traffic Safety***
- ***Transit***

Projects to be advanced in 2021 include:

Trucks:

In 2021 the Town will continue the implementation of the Truck Strategy, including:

- Continue with various permissive truck signage throughout the community. This will be a multi-year project.
- Establish a Truck Advisory Committee which includes police, road authorities, trucking companies and Council members.
- Initiate and collaborate with the MTO on the design of truck inspection station design and continue with Truck Safety Blitzes.

Bike Lanes - Active Transportation:

The Town will continue to invest in infrastructure to support active transportation. In 2018, the Town commenced its Active Transportation Master Plan to map out a future active transportation network; this network will include on and off-road facilities that will encourage travel by cycling and walking. The Active Transportation Master Plan was completed in fall 2020 along with the Cycling Feasibility Study for Maple Avenue. In recent years, staff has enhanced the active transportation infrastructure through additional on-road bike lanes and in-fill sidewalk connections. Staff is targeting to have in place a total of 21 km on-road bike facilities in 2020. Due to COVID-19 the approved 2020 installation of on-road bike lanes on Barber Drive has been deferred to 2021. The infill sidewalk connections are focused on areas where there is a gap in infrastructure. In 2020, infill sidewalk improvements were made on the west side of Churchill Road South from Rachlin Drive approximately 300m north. In 2021, one major sidewalk improvement project will include a sidewalk connection near McCullough Crescent.

Greater effort has been made to promote use of active transportation in the community through the “Greenbelt Route” connector signs and way-finding signs. As part of the 2021 capital budget, staff request \$30,000 to purchase bike racks and bike safety equipment, the development of a digital map, additional way-finding signs and other signage, and pavement markings on the roadways to delineate active transportation infrastructure.

The 2021 capital budget includes a \$90,000 request for on-road bike lanes on Tanners Drive. In addition, the first phase of a multi-year project to construct a new multi-use pathway and cycle track along Maple Avenue from Trafalgar Road to River Drive will consist of a \$1,545,000 request in 2021.

Traffic Safety:

In 2020, staff received over 160 public requests concerning traffic safety, the majority related to speeding and aggressive driving. Staff is reviewing these concerns in the context of the Town’s Traffic Calming Protocol completed in 2019. The demand from the

public for traffic calming measures has increased over the last number of years. Based on a neighbourhood approach, the recently updated protocol involves evaluating all roads to determine the most appropriate traffic calming measures. Residents will be invited to provide input on these measures through various public engagement opportunities.

To improve pedestrian safety and mobility, staff has installed 14 pedestrian crossovers over the last four years. In 2021, staff is recommending three additional pedestrian crossovers at Mill Street West and Victoria Avenue, Maple Avenue and Gilmer Court, Barber Drive and Killaloe Crescent/Smith Drive (south intersection).

Road Maintenance:

In 2020, the Town added just over 10 kilometres of roads in new subdivisions. To ensure that these roads are properly maintained (e.g., snow removal, street cleaning), the Operating Budget has been increased by \$102,843. Staff have included a request for a pickup truck with trailer and three mowers to support the expanded Trafalgar Sports Park through the capital budget, with the cost of \$150,000 funded from development charges.

In 2021, nine pieces of equipment ranging from trucks to multi-purpose mowers and tractors will be replaced. The total cost of replacement is \$730,000 and is funded through the equipment reserve. Replacing aging equipment will ensure that the Town can continue to deliver the appropriate level of service.

Transit

The Town will review and update the ActiVan Master Plan and ActiVan program in 2021. The plan will ensure that the Town is meeting goals and objectives and all requirements set out in the AODA guidelines and make recommendations for future implementation. There will be a comprehensive public consultation and engagement program to establish the overall transportation needs for the Town including all modes of travel. The ActiVan Master Plan will continue to align with AODA legislation requirements and policies. The plan will ensure financial responsibility and accommodate growth in service.

Preparing for Transit Implementation:

In September 2019, staff put forward memorandum TPW-2019-0019 informing Council that the Town will be applying for funding through the Investing in Canada Infrastructure Program (ICIP) Public Transit Stream. Halton Hills is eligible to apply for available funding up to a maximum of \$465,453 from the Provincial Government and \$558,600 from the Federal Government, for a total of \$1,024,053. Funding must be applied to projects directly related to transit between 2019 and 2028.

Staff proposed that the available funding be applied to the following projects:

- Transit infrastructure of shelters and stops along the Steeles Avenue corridor within the Municipal boundaries of Halton Hills;
- Rolling stock, which includes five (5) replacement vehicles in accordance with the Town's fleet asset management plan and one (1) additional vehicle for fleet expansion of transit services;
- Transit hardware and software technology requirements for the expansion of transit and the support of specialized transit services.

The proposed projects for funding are consistent with the Town's Transit Service Strategy as per Report No. TPW-2019-0026 and have been incorporated into the preliminary 2021 Capital Budget Forecast over the next three years. The funding request was submitted in October, 2019 and was successful. The funding will be used to offset the budget requests for this program.

c) Climate Change and the Environment

The residents and businesses of Halton Hills are responsible members of the global community, and are leaders in the fight against climate change, with a goal to be a Net-Zero Carbon Community by 2030.

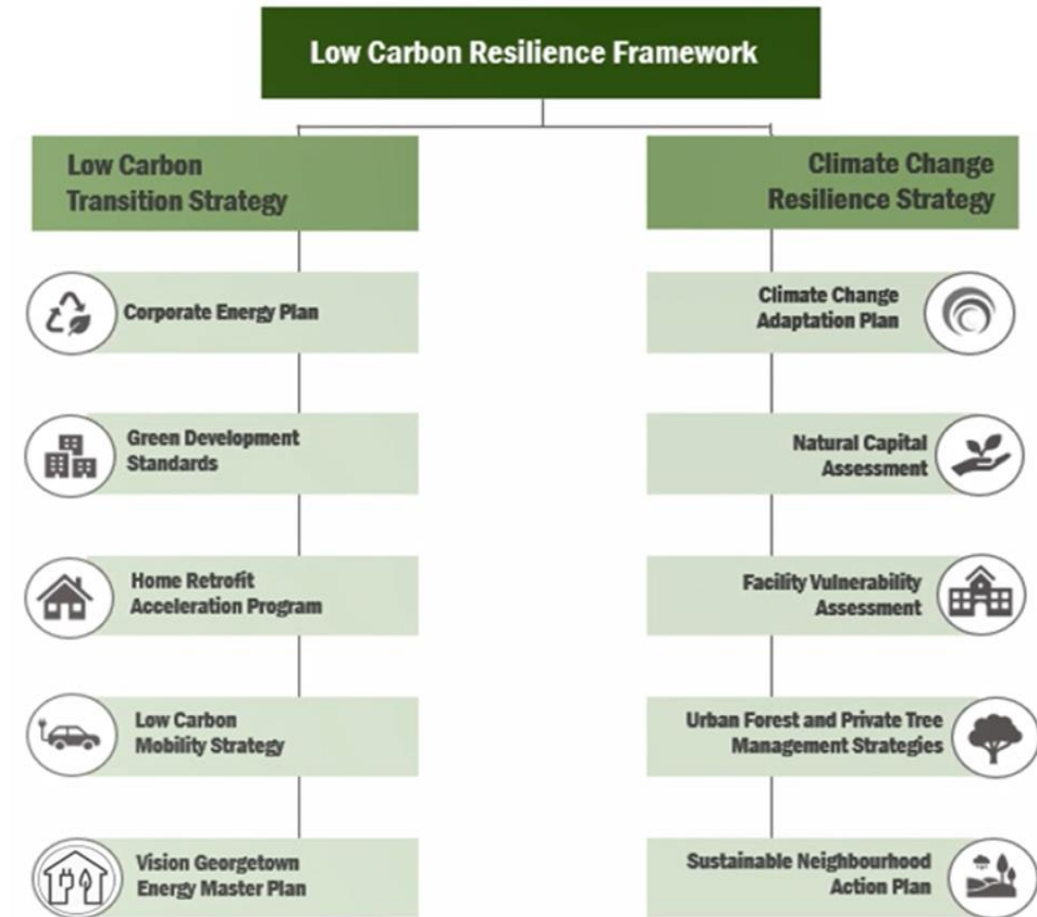
Halton Hills communities prepare for changes we know are coming while reducing our carbon footprint.

The municipality makes its landscape more climate resilient and beautiful through a lush tree canopy and public open space.

Focus Areas:

- ***Action on Climate Change***
- ***Resilient Infrastructure***
- ***Low Carbon Transition***
- ***Tree Canopy***

In May 2019 Town Council passed a Climate Change Emergency Declaration setting an objective for the town to achieve net zero by 2030. Staff responded with the creation of the Climate Change and Asset Management staff team that developed the comprehensive Low Carbon Resilience Framework supported by an extensive work plan and a supporting budget to follow through on the objectives in Council's Climate Change Emergency Declaration.



In keeping with Council's Climate Change Emergency Declaration, implementation is assisted by the Town of Halton Hills Climate Change Action Task Force chaired by Mayor Bonnette and two steering committees, the Low Carbon Transition Steering Committee chaired by Councillor Fogal and the Climate Resilience Steering Committee chaired by Councillor Somerville.

Projects to be advanced in 2021 include:

Action on Climate Change

For 2021 there will be on-going implementation of corporate and community climate change actions expressed through Council's Climate Change Emergency Declaration, including:

- Community Sustainability Investment Fund
- Climate Change Action Implementation program
- Climate Change Adaptation Plan Implementation
- Stormwater Master Plan development
- Updating Green Development Standards
- Vision Georgetown low carbon strategy
- Property Assessed Payments for Energy Retrofits (PAPER) program

- Consideration of e-vehicles
- Installation of electric vehicle (EV) charging stations.

Resilient Infrastructure

In 2019 the 2019-2024 Corporate Energy Plan was approved by Council. The Plan implements actions to Town assets to deepen energy and emissions reductions and build organizational capacity to deliver and sustain improvements.

The 2020 budget forecasted funding to support the recommendations set out in the Corporate Energy Plan. In 2020, the Town Hall Low Carbon Design Brief was completed. For 2021, there were plans to undertake studies at other Town facilities, however, given the implications associated with COVID-19 these projects have been extended to be undertaken 2022.

Low Carbon Transition

In 2020, the Low Carbon Transition Strategy, the update of the Mayor's 2015 Community Energy Plan, was initiated to ensure the Town continues to align with best practices and appropriately responds to the Council's Climate Change Emergency Declaration. Recommendations will come forward on policies and guidelines to reduce community greenhouse gas emissions that reflect the most up-to-date practices. Funding has been included in the 2021 budget to initiate the implementation of recommendations arising from the update of the plan. In addition, staff have pursued concurrent actions to address climate change that are reflected above under the Action on Climate Change section.

Tree Canopy - Natural Assets

Funding for projects supporting the protection and enhancement of the Town's tree canopy was approved in 2019 capital budget to be used in a phased, multi-year project. The Phase 1: Natural Assets Inventory & Services Valuation study was completed in 2020 in partnership with the Credit Valley Conservation (CVC). The Phase 2: Natural Assets Mapping and Management Strategies study will be undertaken in partnership with CVC in 2021 in keeping with a formalized memorandum of understanding between the Town and CVC. This work will proceed in concert with work to implement the SNAP Project and to develop a GIS Mapping Tool, tree planting and tree canopy monitoring. These initiatives will inform the contribution of the Town's natural assets to quality of life, quality of air, carbon sequestration and meeting the town's climate change objectives.

In addition to the natural assets inventory project, staff will be undertaking the following:

- Completing the Private Tree Management Strategy (private tree by-law)
- Continuation of the tree planting program
- Consideration of establishing an urban forestry program.

d) Fiscal and Corporate Management

Halton Hills is a well-run municipality that maintains spending within its means and keeps tax increases low and predictable.

The municipality maintains services and service levels that support the quality of life of its residents and a hospitable environment for businesses.

Focus Areas:

- ***Stick with Fiscal Plan***
- ***Maintain Services***
- ***Capital Assets and Liabilities Management***
- ***Communications***

Projects to be advanced in 2021 include:

- Develop a new DC Study/Bylaw and Community Benefits Charge Strategy/Bylaw
- Updating the AMANDA data system to provide more up-to-date effectiveness and responsiveness for staff and the Town's clients
- Prepare reports on COVID-19 related costs and reduced revenues as they relate to grants received from the Province
- Create and launch a refreshed Invest Halton Hills marketing campaign focused on business attraction and retention
- Continue to implement the current Cultural Master Plan (2013) while initiating its update. An update is necessary to ensure that the Town has a modern and effective Master Plan to guide arts and culture priorities.
- Provide leadership and cross-departmental coordination related to municipal relationships with Indigenous Nations and Truth and Reconciliation.
- Undertake the Town's Equity, Diversity, Inclusion and Anti-Racism Initiative
- Develop a communications plan and content calendar for the Town's social media platforms including the LinkedIn account, working with HR; develop and post topical and interesting information.

e) Local Autonomy and Advocacy

Halton Hills is a leader within the Region of Halton and the Greater Golden Horseshoe. It is an example for other small, rapidly growing rural municipalities in Ontario.

The municipality advocates for what it needs from other orders of government and ensures its regional municipal partners act in its interests.

Halton Hills works collaboratively with other agencies, governments, and public bodies to deliver what residents and businesses need to thrive.

Focus Areas:

- **Provincial**
- **Federal**

Projects to be advanced in 2021 include:

- Continue ongoing communication to Provincial and Federal governments about the fiscal challenges being experienced by municipalities as a result of the impacts of COVID-19.
- Continue to work with the AMO and FCM to advance advocacy efforts.
- Continue to pursue funding opportunities and partnerships offered by other levels of government, FCM, community groups and other agencies and associations that can assist in advancing Council's priorities.

f) Ensure a Vibrant Agricultural Community

As one of the most beautiful rural communities in Ontario, Halton Hills understands the value of its agricultural land base.

The municipality protects the land base and system of infrastructure that supports its agricultural community.

The community is supported in looking for ways of celebrating its rural character and drawing visitors from across the continent to enjoy its landscape and produce.

Focus Areas:

- **Protect Agricultural Land**
- **Promote Agritourism**

Projects to be advanced in 2021 include:

In 2021, staff will be implementing strategic priorities identified in the Town's 2020 approved Economic Development and Tourism Strategy to promote and advance local agritourism opportunities.

g) Youth and Seniors Initiatives

Young people and seniors are active members of the Halton Hills communities, and contribute to its daily life in multiple ways.

The municipality engages with youth and seniors in ways that are sensitive to their habits and interests to ensure their voices are heard when decisions are being made.

The youth and senior population of Halton Hills is supported by a variety of services and facilities tailored to their needs.

Focus Areas:

- ***Engagement***
- ***Services and Facilities***

Projects to be advanced in 2021 include:

- Develop Community Action Plan in line with Region's Community Safety and Well Being Strategy and the Recreation and Parks Department Strategic Action Plan.
- Implement year one of the Recreation and Parks Department Strategic Action Plan.
- Construction of capital construction projects such as Playground Replacement Program, Revitalization & Renewal Projects, Trails, Acton Youth Centre (Acton Town Hall) and Official Opening.
- Monitoring of continued impacts of pandemic on program and service delivery and revenue generation.

F. Budget Challenges

1. Financing Growth

A key priority included in the Town's strategic plan is ensuring that growth is managed in order to ensure a balanced, sustainable, well planned community infrastructure and services to meets the needs of its residents and businesses.

In support of growth and the strategic plan, the Town like all other Ontario municipalities has utilized Development Charges (DC) under the province's Development Charges Act (DCA) as a primary funding source in facilitating the capital infrastructure. In 2019, the province introduced changes to the DCA and parkland dedication under the Planning Act (PA) along with the Community Benefits Charge (CBC) authority by Bill 108 (the More Homes, More Choice Act) as part of the Housing Supply Action Plan, with the goal of increasing the supply of housing. In September 2020, after almost a year-long consultation process with municipalities and development industry, the province finalized all legislative changes by proclaiming the remaining amendments to the DCA and the PA through Bill 108 and Bill 197 (the COVID-19 Economic Recovery Act) and by releasing new regulations pertaining to the Community Benefit Charge (CBC), parkland dedication, and changes to the DC regulation (O.Reg. 82/98). Thereby municipalities have two years to transition to the new regimes by September of 2022.

The changes are expected to help improve upon the growth pay for growth principle for municipalities, however with some added challenges.

Under the revised legislative framework, the DC by-law will cover an expanded list of services (e.g. emergency preparedness, affordable housing) at full cost (without the former mandatory 10% discount). This enables the Town to seek an increased level of cost recovery for growth-related capital infrastructure. In addition, the Town can implement a CBC by-law to cover the growth-related capital costs that are not covered by the DC by-law and parkland dedication. Although changes are favorable, the cost recovery potential and the ability to realize the growth pay for growth principle continue to be restricted with the historic service level cap remaining in the DCA and the maximum cap on CBC payable (being 4% of land value). CBC is also only chargeable to certain high-density development types.

Further, the timing of DC collection and DC rate determination required by the amended DCA will increase municipalities' cash flow challenges and administrative burden for growth-related capital project financing. The amended DCA allows deferred DC payments in six or 21 annual installments for certain kinds of developments (i.e. institutional/rental development and non-profit development) as well as determines the DC rate well in advance of building permit issuance.

As noted earlier, the Town will undertake the DC background study and the CBC strategy process in 2021 in order to update the DC by-law and to implement a CBC by-law within the transitional period (i.e. September 2022). Staff will update Council on the related workplan in 2021. The results of these studies will be incorporated into the 2022 LRFP.

2. Timing of Growth

Development activities for residential and non-residential development have slowed with added uncertainties rising from the COVID-19 pandemic. This resulted in lower DC collections than those anticipated in the 2019 LRFP. In order to manage reserve cash flows and to ensure continued financial sustainability, the 2021 capital budget has been prepared to focus on the continued assurance of health and safety, maintaining existing assets in state of good repair, and undertaking time sensitive studies and plans. It is expected that limited development activities and DC collections will continue in the foreseeable future until the Vision Georgetown development proceeds.

3. COVID-19 Pandemic

The COVID-19 pandemic has had major impacts across the Town of Halton Hills. The evolving situation and need to respond quickly to changes impacted operations during 2020. Staff implemented strict cost controls, and mitigation measures at the start of the pandemic and with the Federal-Provincial Safe Restart Agreement funding it is anticipated that the 2020 financial impacts of COVID-19 will be covered.

Given that the COVID-19 impacts and variables remain fluid, staff have taken a conservative approach to developing the 2021 operating and capital budgets. The effects of COVID-19 have not been included in the preliminary budget due to the

changing nature of operations in response to COVID-19, however staff recognize the budget pressures facing the Town. The preliminary budget has been prepared with a focus on finding savings, limiting the addition of new services and staff, building reserves, and preparing a conservative capital program for 2021.

Staff will continue to monitor the COVID-19 situation carefully and work to contain the financial impact to the Town with the final results to be reported back to Council at year end.

4. Non-Residential Assessment

Industrial and commercial properties are taxed at a higher rate than residential, making this type of development beneficial to the Town in terms of assessment. As such, the preferred split between residential and non-residential is 80% and 20% respectively. In 2008, the Town's residential to non-residential ratio was 90/10; the construction of the Toronto Premium Outlet Mall (TPO) in 2014 was a significant factor in moving the ratio to 87.8/12.2. As of the 2019 returned roll, the ratio has changed to a healthier 86.6/13.4.

The Town's residential to non-residential ratio is comparable to other local municipalities as shown in the chart below:

	Assessment Ratio	
	Residential	Non-Residential
Halton Hills	86.6%	13.4%
Burlington	83.1%	16.9%
Milton	84.0%	16.0%
Oakville	86.9%	13.1%

Raising the non-residential component is a priority for the Town given the larger assessment value. With the completion of planning studies related to the Premier Gateway along with the extension of servicing, staff anticipates a continued increase in the non-residential ratio.

RELATIONSHIP TO STRATEGIC PLAN:

The annual Budget and Business Plan is a major funding and decision-making tool and is used to support and advance Council's Strategic Priorities.

FINANCIAL IMPACT:

There is no direct financial impact associated with this report. Any impact will be reflected in the budget documents to be considered and approved by Budget Committee and Council.

CONSULTATION:

The preparation of this report was done in consultation with all Departments.

PUBLIC ENGAGEMENT:

No public engagement was required in reference to this report.

SUSTAINABILITY IMPLICATIONS:

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report advances the Strategy's implementation.

This report supports all pillars of Sustainability and in summary the alignment of this report with the Community Sustainability Strategy is excellent.

COMMUNICATIONS:

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.

CONCLUSION:

The 2021 Budget and Business Plan will be prepared such that the tax levy increase, net of assessment growth, will not exceed 3.9% consisting of a base budget increase of 3.3% plus a 0.6% dedicated levy for infrastructure investments in the context of climate change and asset management. The net result is an expected overall property tax increase of 2.4% based on current value assessment, after considering the preliminary operating budgets of the Region (2.0%) and school boards (0.0%). Final tax rates will be calculated once 2021 operating budgets have been confirmed.

In achieving the 2021 budget direction, there will be many challenges including base budget pressures from inflation, the maintenance of infrastructure and the uncertainties surrounding COVID-19 and the impact on operations. The priority in developing the 2021 Budget and Business Plan is to maintain existing service levels while continuing to advance Council's strategic priorities.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "M. J. Leighton". The signature is written in a cursive, flowing style.

Moya Jane Leighton, Town Treasurer and Director of Accounting

A handwritten signature in black ink, appearing to read "C. Mills". The signature is written in a cursive, flowing style.

Chris Mills, Acting Chief Administrative Officer