



REPORT

REPORT TO: Chair and Members of the Budget Committee

REPORT FROM: Amy Prueter
Acting Budgets & Financial Reporting Supervisor

DATE: November 23, 2020

REPORT NO.: CORPSERV-2020-0042

RE: 2021 Proposed Capital and Operating Budget and Business Plans

RECOMMENDATION:

THAT Report No. CORPSERV-2020-0042 dated November 23, 2020 regarding the 2021 Proposed Capital and Operating Budget and Business Plans be received;

AND FURTHER THAT the proposed base Operating Budget levy increase of 3.3% be approved;

AND FURTHER THAT the proposed 0.6% increase to the dedicated special levy to address the infrastructure gap be approved;

AND FURTHER THAT the 2021 proposed Operating Budget for general Town purposes be approved at a net levy amount of \$56,039,500, being a total Town tax levy increase of 3.9% excluding provisions for the Acton and Georgetown Business Improvement Associations (BIA), equating to an estimated overall increase of 2.4% including Town, Regio and Education portions;

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;

AND FURTHER THAT Council approves a one-time re-direction of \$150,000 of the infrastructure gap special levy to support 2021 operating budget pressures;

AND FURTHER THAT a plan is presented to Council during the 2022 budget process to return the appropriate funds to the infrastructure gap special levy;

AND FURTHER THAT the Acton BIA expenditures included in the 2021 budget be approved in the gross amount of \$153,470, with a net tax levy of \$96,970;

AND FURTHER THAT the Georgetown BIA expenditures included in the 2021 budget be approved in the gross amount of \$263,300, with a net tax levy of \$159,050;

AND FURTHER THAT the 2021 Capital Budget in the amount of \$22,109,700 be approved;

AND FURTHER THAT the 2022-2030 Capital Budget forecast in the amount of \$272,369,000 be approved in principle subject to the annual review;

AND FURTHER THAT staff be authorized to proceed with the 2021 capital program, with any acquisitions or approval of awards being subject to the usual Town policies, by-laws, and procedures governing same receipt of final approval by Council where required.

BACKGROUND:

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.

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. These priorities have been reflected in the Town's 2021 budgets and departmental business plans.

As in previous years, the 2021 budget document evolved through an iterative and collaborative process between Council members, the CAO and senior staff. In 2020, the effects of the COVID-19 pandemic required that staff complete the 2021 budget process in a compressed time frame. Ordinarily the annual budget process would commence in the spring, however, this year it was initiated in late summer with a focus on finding savings, limiting new services and staff, building reserves, and preparing a modest capital program for 2021.

During the month of September, each department carefully reviewed their operations, rates and fees to seek efficiencies, with the resulting savings included in the 2021 budgets.

In addition, the 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. Priority projects were recommended to the Senior Management Team.

On November 9, 2020, staff presented the 2020 Budget Directions report (CORPSERV-2020-0030) to the Budget Committee. 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 associated with limited assessment growth, lower revenues from development charges, large non-discretionary cost increases, and pre-approved decreases in recreation revenues.

During the week of November 23, staff held Ward-specific meetings with Members of Council. The intent was 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 2021 preliminary operating budget is summarized in Appendix A and the 2021 capital budget and nine-year forecast (2022 – 2030) are shown in Appendix B. Staff has verified that the proposed 2021 operating and capital budgets can be accommodated within the Long-range Financial Plan.

Important to note are Council's referrals to the Budget Committee. Staff monitors referrals and incorporates them into the upcoming budget where appropriate; these referrals then become part of the budget for Budget Committee to consider and approve. Appendix C lists the various items that have been referred to Budget Committee during 2020 and provides an update on the status of those initiatives as they pertain to the 2021 Budget.

The Business Improvement Associations submit their annual budgets to their respective boards for approval and are included with the Town's 2021 operating budget so that the appropriate amounts can be levied. Acton BIA's budget is provided in Appendix D and Georgetown BIA's budget is provided in Appendix E.

COMMENTS:

A. Executive Summary

- The 2021 net Operating Budget is \$56,039,500 which is an increase of \$2,128,700 or 3.9% (Town portion) after assessment growth over the 2020 budget. This levy is consistent with the Long-range Financial Plan (LRFP) target.
- Overall tax rate increase is 2.4% after factoring the Regional and Board of Education rate increases, representing 2% and 0% respectively.
- The 2021 capital budget is \$22,109,700 which is a decrease of \$3,270,700 from the 2020 budget in order to focus on the completion of prior year projects which were deferred due to the COVID-19 pandemic.

- 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.
- The budget includes strategic operating and capital investments in Council's priority areas with respect to:
 1. Shaping growth
 2. Transportation
 3. Climate change and the environment
 4. Fiscal and corporate management
 5. Local autonomy and advocacy
 6. Ensure a vibrant agricultural community
 7. Youth and seniors initiatives
- The budget addresses operational needs related to increased demand and complexity of work, while accommodating inflationary pressures.
- This proposed levy is possible because of the implementation of efficiency related savings resulting from a careful review of all programs and services, the maintenance of existing service levels and staff, and the strengthening of reserves; staff is confident that priority issues can be addressed from both an operating and capital perspective.
- Staff will continue to monitor the COVID-19 situation carefully and work to mitigate any financial impact to the Town.

B. Proposed Tax Levy

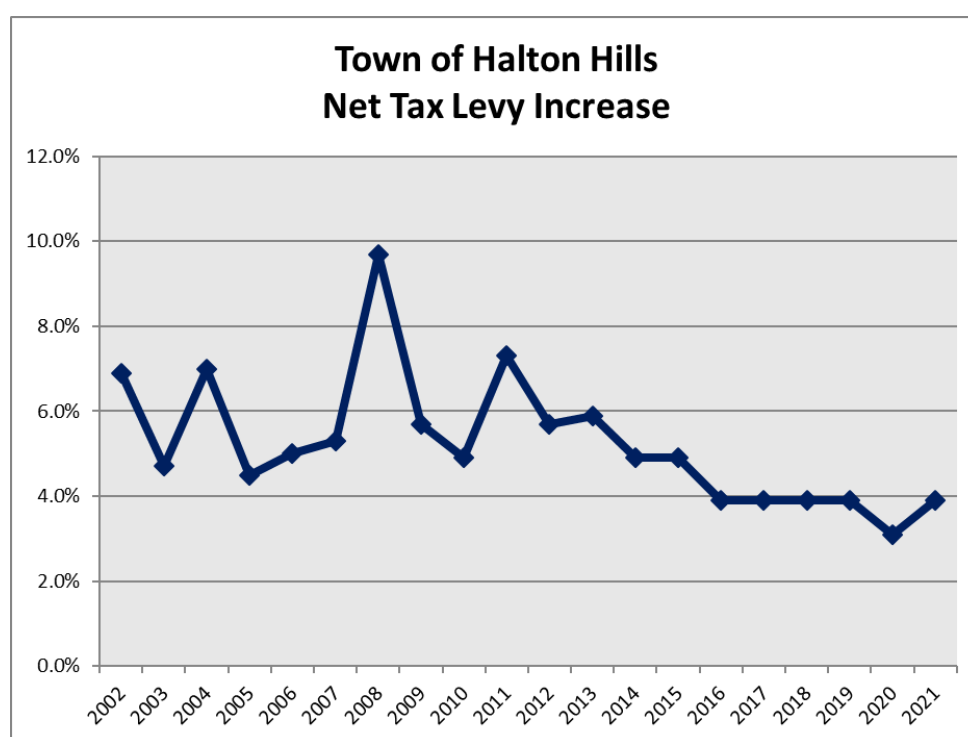
The 2021 operating budget is being presented at a net levy increase (Town portion) of 3.9%, in accordance with the direction presented to Budget Committee on November 9, 2020. This proposed levy is possible as a result of a careful review of all current programs and service levels. The Town will continue to face uncertainty resulting from the COVID-19 pandemic, however staff is confident that priority issues from both an operating and capital perspective can be achieved within this proposed tax levy increase. This will mark the sixth consecutive year of achieving a levy target at or below 3.9% with a 5-year average tax levy increase of 3.76%.

The 3.9% net levy increase (Town portion) is comprised of a net base operating budget increase of 3.3% and an increase to the existing infrastructure gap special levy of 0.6% or \$324,000, bringing the total annual contributions for this special levy to \$918,000. This levy will be used to address the infrastructure deficit in the context of climate change by funding initiatives identified in the *Corporate Energy Plan*.

In 2021 staff is recommending a one-time redirection of \$150,000 of the infrastructure gap special levy in order to mitigate some of the 2021 operating budget pressures. Staff will provide a repayment plan to Council during the 2022 budget process outlining how these funds will be returned to the special levy so that they can be used for their original purpose.

The 2021 operating budget was built with a focus on finding efficiencies, reducing costs and optimizing other funding sources. With this approach, staff were able to mitigate the large non-discretionary cost increases and lower than expected assessment growth and achieve a budget levy increase of 3.9%, which is the maximum target rate increase outlined in the budget directions report.

The following graph demonstrates the stability of tax levy increases since 2012.



The 3.9% increase equates to a net levy amount of \$56,039,500. This is a net tax increase per \$100,000 of assessment of \$14. When blended with the Regional increase this equates to an estimated residential tax increase of 2.4%, or a \$19 increase per \$100,000 of residential assessment as outlined in the following chart:

**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

C. Operating Budget Highlights

The preliminary operating budget was prepared in consideration of the following challenges and opportunities for 2021:

- COVID-19 impacts to operations and funding from the COVID-19 Safe Restart Agreement 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.
- A projected 0.7% increase in assessment growth for 2021, equating to additional tax revenues of \$353,500 related mostly to the addition of new residential building construction.
- A projected impact of \$1,516,500 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 over 6 months (0.5% January 1, 2021 and 0.5% July 1, 2021) and any benefit cost increases associated with the Town's benefit provider.
- The conversion of the existing contract Planner Policy/Development Review position to full-time with a net budget impact of \$27,600.
- Continuation of existing 2020 contractual positions to be funded by the Tax Rate Stabilization Reserve for 2021 in order to maintain 2020 service levels.
- An addition of \$35,000 for costs related to the delivery of the Smart Commute Program originally funded by the Region of Halton.

- Continuation of the special levy to address the infrastructure gap identified in the State of Infrastructure Report with a 0.6% tax levy increase of \$324,000.
- A one-time redirection of \$150,000 of the infrastructure gap special levy to be used in the mitigation of 2021 operating budget pressures.
- A projected base budget impact of \$86,100 for 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.
- Reduction of Recreation & Parks user fees revenue by \$252,600 as recommended through Council report RP-2020-0004.
- Gross contributions to reserves in the total amount of \$11.5M are planned as per the minimum targets outlined in the LRFP.

Reserve	2021 Total Annual Contribution
Capital Reserves	9,570,231
Stabilization Reserves	1,364,800
Operating Reserves	550,245
Total	11,485,276

- Operating impacts of previously approved capital projects amount to an annual increase of \$139,900. These costs include establishing an operating budget for the Acton Youth Centre, and maintenance for new sidewalk connections, street lighting, bike lanes and pedestrian crossings.
- Insurance rates are estimated to increase at a rate of approximately 40% (\$311,800). This increase covers a period of two years and a previously unbudgeted 2020 increase. This is reflective of the industry trend of increasing rates and the rising number of claims filed against the Town. Globally, commercial insurance prices have risen by 19% in the 2nd quarter of 2020 alone.
- 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.

- An increase of \$7,500 was incorporated into the enhanced pedestrian crosswalks budget under Public Works for the installation and continued maintenance of an additional Rainbow Crossing to be located in Acton.

D. 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 appropriate 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 three special levies noted above are repurposed and combined into one financial sustainability special levy.

This will be a phased re-purposing over 2 years as follows:

1. \$1,370,800 in 2021 and
2. \$1,599,700 in 2022 once the remaining \$228.9K pertaining to the arena levy has been levied in 2021.

E. 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 2020 budget, the Corporate Asset Management Plan, the Corporate Energy Plan, department strategic plans, as well as in-year Council and Committee reports. The Town's 2021 capital budget was prepared with a focus on completion of prior year capital projects, health and safety, maintaining assets in a state of good repair, and completing time sensitive studies and plans. The following strategic investments have been made through the capital budget to support Council's priorities:

Council's Priorities	\$
Climate Change & Environment	1,401,200
Fiscal & Corporate Management	6,112,100
Local Autonomy & Advocacy	80,000
Shaping Growth	1,111,500
Transportation	13,404,900
	<u>22,109,700</u>

The proposed 2021 capital budget amounting to \$22,109,700, is funded predominantly through capital reserves, followed by development charges, gas tax and special levies. 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 2021 LRFP updated.

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

2021 Capital Budget Projects within Funding Guidelines							
Department	Gross Cost	General & Special Tax Levies	Development Charges	Capital Reserves	OCIF	Gas Tax	Other
Office of the CAO	1,036,500	-	45,000	951,500	-	-	40,000
Corporate Services	1,477,700	135,000	-	1,342,700	-	-	-
Library	530,400	399,000	-	131,400	-	-	-
Fire Services	968,000	118,000	-	850,000	-	-	-
Transportation & Public Works	13,196,300	1,995,100	1,160,000	4,584,300	1,581,500	2,429,700	1,445,700
Planning & Sustainability	550,000	-	168,000	382,000	-	-	-
Recreation & Parks	4,350,800	233,000	1,805,000	2,142,800	-	-	170,000
Totals	22,109,700	2,880,100	3,178,000	10,384,700	1,581,500	2,429,700	1,655,700

The highest value projects scheduled for 2021 total \$12,298,200 and are highlighted in the following table. These ten projects account for approximately 55.6% of the total proposed capital budget.

Department	Project	Gross Cost
Transportation & Public Works	Collector/Arterial Asphalt Resurfacing Program	2,343,200
Transportation & Public Works	Pavement Management	1,956,100
Transportation & Public Works	Cycling Infrastructure Maple Avenue Trafalgar Road to River Drive	1,545,000
Transportation & Public Works	Third Line Resurfacing - Urban Limit to 32 SdRd	1,287,500
Corporate Services	Digitization of Application Processes	1,100,000
Transportation & Public Works	Queen Street (Acton) Reconstruction	927,000
Fire Services	Replace Acton Station Pump 722 (P11)	850,000
Recreation & Parks	Tolton Lands Redevelopment	824,000
Recreation & Parks	Trafalgar Sports Park Field of Dreams Phase 2	735,400
Transportation & Public Works	Equipment Replacement	730,000
Total		12,298,200

F. Operating Budget Impacts of the Capital Budget

Capital projects can impact the operating budget. For example, new software may have an associated subscription fee or new assets may require maintenance. There is an overall operating budget impact of \$149,900 in 2021 due to prior year approved capital projects (\$139,900) and directly attributable to the 2021 capital program (\$10,000). The following table provides greater detail on the operating impacts in 2021 as well as impacts in future operating budgets:

Prior Year Capital Projects

		Operating Budget Impacts	
Project		2021 Impact	Future Impact Budget Year
Prior Year Capital Budget Operating Impacts			
2300-10-1911	Acton Indoor Pool Network	6,000	2021
2300-10-1912	Data Storage Strategy & Archiving Software	10,000	2021
2300-05-2004	Construction Inspection Software	5,500	2021
Various	Public Works Labour	55,200	2021
8200-10-1701	Acton Youth Centre	63,200	2021
2300-05-2002	AMIS Implementation		170,000 2022
Total Operating Impacts		139,900	170,000

Proposed 2021 Capital Budget Impacts

Operating Budget Impacts			
Project		2021 Impact	Future Impact Budget Year
Office of the CAO			
1100-10-2102	Visit Halton Hills Tourism Website	10,000	2021
7300-25-2107	CEP - EV CarPool Vehicle and Staff Training		600 2022
Corporate Services			
2300-10-2104	Digitization of Application Process		100,000 2022
2300-05-3202	Citizen Engagement-Tax System		10,000 2022
2300-05-0107	AVL Ph 3 – Winter Maintenance Vehicles Camera Implement		4,300 2022
Transportation & Public Works			
6800-05-1601	ActiVan Transit Software		20,000 2022
6100-21-1701	Rural Intersections Streetlighting		1,000 2022
6100-17-1801	Infill Sidewalk Connections		2,000 2022
6100-28-1516	Traffic Calming		2,000 2022
6100-28-1703	Pedestrian Crossings		6,000 2022
6100-22-1805	Trucking Strategy Implementation		5,000 2022
6100-23-2401	Active Transportation Improvements		10,000 2022
6100-28-1808	Mandated (AODA) Accessible Pedestrian Signal Upgrades		6,000 2022
6100-21-0107	Streetlight & Pole Replacement Program		5,000 2022
6100-23-1602	Active Transportation Promotion and Education		2,000 2022
Recreation & Parks			
8500-11-2004	Trafalgar Sports Park Field of Dreams Phase 2		19,000 2022
8500-19-1801	TSP Field of Dreams - Phase 1		1,000 2022
8251-02-1802	MMSP Low E Ceiling		(6,000) 2022
8500-11-2003	Tolton Lands Redevelopment		10,000 2023
2021 Operating Budget Impact		10,000	
2022 Operating Budget Impact			357,900
2023 Operating Budget Impact			10,000
TOTAL OPERATING BUDGET IMPACT (including prior year)		149,900	367,900

G. Proposed Capital Forecast (2022 – 2030)

Staff is proposing a nine-year capital forecast for the period 2022 to 2030 as summarized in the following table:

Year	Gross Cost	General & Special Tax Levies	Development Charges	Capital Reserves	Debentures	Other
2022	59,189,000	3,085,100	7,274,000	22,651,900	25,000,000	1,178,000
2023	33,622,700	3,125,100	5,719,000	11,798,400	6,744,000	6,236,200
2024	27,180,200	3,145,100	9,405,000	10,942,000	-	3,688,100
2025	27,780,400	3,165,100	5,412,000	15,123,500	-	4,079,800
2026	27,700,100	3,185,100	8,986,000	10,299,500	1,500,000	3,729,500
2027	32,933,600	3,185,100	9,528,000	11,187,000	6,244,000	2,789,500
2028	35,761,600	3,185,100	6,529,000	11,231,200	10,000,000	4,816,300
2029	17,079,000	3,185,100	2,364,000	7,668,900	-	3,861,000
2030	11,122,400	3,095,100	260,000	7,767,300	-	-
Total	272,369,000	28,355,900	55,477,000	108,669,700	49,488,000	30,378,400

The nine-year capital forecast 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.

The construction of the Gellert Community Centre Phase 2 is tentatively planned to commence in 2022, as per the 9-year capital forecast however, this is subject to affordability and debt capacity restrictions as prescribed by Council policy and the LRFP. The design and engineering phase will continue as planned 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.

H. Departmental Overview (Operating & Capital)

Office of the CAO:

The Office of the CAO 2021 operating budget proposes a net expenditure increase of \$403,000, or 9.2%. The increase reflects base budget increases to continue current service levels and includes the following operating budget inclusions:

- The inclusion of casual PT Helson Gallery Educators to support the development and delivery of school and community education programs at the Helson Gallery.
- A Cultural Program Producer contract position to be funded from the Tax Rate Stabilization Reserve within Cultural Services to coordinate cultural events and programming which will enable the undertaking of community engagement and data analysis required to begin the update the Town's Cultural Master Plan in 2021.
- The 2021 Truth and Reconciliation Work plan will be funded from the Tax Rate Stabilization Reserve

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Helson Gallery Educators	\$ 2,500	\$ 2,500
Cultural Program Producer	47,600	-
Truth and Reconciliation Workplan	14,200	-
Total Ongoing	\$ 64,300	\$ 2,500

The 2021-2030 capital forecast for the Office of the CAO totals \$10,176,900, which includes annual programs such as the Municipal Accessibility Plan, Community Improvement Plan Grant Program, Climate Change Action Implementation, Community Sustainability Investment Fund, Manufacturing Expansion Fund and the newly implemented Retrofit Halton Hills project, as well as the recommended implementation of the Corporate Energy Plan. Below are some key components of the capital plan:

- The approved Corporate Energy Plan provided recommendations for multiple areas of investment to improve the Town's energy consumption. The proposed 2021 capital budget provides \$50,000 for the purchase of one electric vehicle (EV) to be used as a staff pool car and for deliveries by the Town courier. There is an additional \$2,527,900 forecasted beyond 2021 for further HVAC testing and retrofits at Town facilities to assist in supporting the Corporate Energy Plan's objectives of improving energy efficiency.
- \$2,550,000 in funding for continued support for the on-going implementation of Corporate & Community Sustainability initiatives such as the Community Sustainability Investment Fund, the Climate Change Action Implementation, the Climate Change Adaptation Strategy Implementation, Community Sustainability Strategy Update, Corporate Energy Conservation Plan & Demand Management Plan Update and the Corporate Sustainability Audit & Action Plan Update.
- \$100,000 in 2021 and an additional \$900,000 in future years to initiate the background studies to support the Retrofit Halton Hills pilot program, including developing a business case, outlining administrative functions, public outreach relating to program design, and recruiting 20 participants for a pilot program to test feasibility of a full program.
- \$30,000 in funding in 2021 to complete a Local Food Resiliency Strategy and implementation to support a vibrant agricultural community as stated in Council's Strategic Plan in August 2020.

- Affordable Housing is one of Council's Strategic Plan priorities. Halton Hills has an acute shortage of rental units and a general shortage of affordable housing units. Building on progress made to date, including on two-unit dwellings and the allocation of resources to the Affordable Housing portfolio in 2020, Council has approved moving forward with 17 Guelph Street (Georgetown) as a potential location for an affordable housing development. The total cost to complete the pre-development review and approvals for the site is approximately \$324,000.
- \$55,000 in 2021 for to fund website initiatives:
 - Updates to the InvestHaltonHills.com Website to as the website's functionality is no longer adequate to meet current best practices, and achieve AODA compliance. This project will enhance the website's functionality and navigation, improve efficiency, and add new capabilities - including AODA compliance.
 - The new VisitHaltonHills.ca was developed as an add-on to the haltonhills.ca website redesign project in 2020. To ensure that the website is as impactful as possible, a one-time upgrade is recommended in 2021 in order to expand the 'Plan Your Visit' calendar feature.
- The Municipal Accessibility Plan is a yearly program that invest \$50,000 each year to identify, remove and prevent barriers to people with disabilities who utilize the facilities and services of the Town of Halton Hills.

Corporate Services:

The \$269,300, or 4.9%, net increase to the Corporate Services operating budget is largely related to the base change in compensation and benefits. The following budget inclusions are included in the Corporate Services operating budget for 2021:

- To continue the delivery of expected services, the 2021 budget includes \$25,000 necessary for the ongoing improvements to the Town of Halton Hills website. These improvements will enhance overall usability for the public and staff and ensure the website remains AODA compliant.
- The Information Technology Services division is requesting \$35,000 to enter into an Enterprise Advantage Program with ESRI Canada. This program will provide cost effect and efficient access to experts and is crucial to the development of the Town's GIS platform.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Town of Halton Hills Website	\$ 25,000	\$ 25,000
ESRI Canada GID Enterprise Advantage Program	35,000	35,000
Total Ongoing	\$ 60,000	\$ 60,000

The Corporate Services capital portfolio largely consists of the development and management of the Town's information technology, in accordance with the Council-approved Corporate Technology Strategic Plan (CTSP). The short-term goal of the capital program focuses on the modernization of corporate-wide systems and the transformation of business processes to improve service delivery and deliver on efficiencies. The Corporate Services 10-year capital plan is \$6,940,600 with \$1,477,700 proposed for 2021. The following summarizes key components of the Capital Forecast:

- As per the CTSP, a \$4,095,500 investment in IT over the next three years including hardware replacement and upgrades, as well as service improvement projects that will modernize service delivery.
- \$1,869,000 for lifecycle replacement of corporate IT infrastructure and printers.
- \$1,100,000 in 2021 for an online building solution that will support a building permits portal and electronic plans review.
- \$500,000 in 2022 for enterprise content management implementation which will manage the organization's documents in electronic format allowing documents to be searched, stored and managed in a more efficient manner
- \$500,000 for financial planning including the updating of the Development Charge Study and the development of a Community Benefits Charge Strategy, preparing for implementation of the PS3280 accounting standard, Long-range Financial Plan updates and user fee reviews.
- \$436,100 for investment in human resources, which include training support for the succession planning program and the salary survey done every three years to ensure that the Town can continue to retain and attract high caliber talent.

Library Services:

The \$103,600 or 2.8%, net increase to the Library Services operating budget is largely represented by the increase in compensation costs.

The Library Services 2021-2030 capital forecast is \$6,228,000, consisting of a \$4,965,000 investment in collections, materials and media and \$974,000 in Information Technology. The 10-year capital plan for the Library also includes funding for upgrades to furnishings, a Facility Needs Study as well as renewals of the Strategic Action Plan, Integrated Library System and website.

- Library Materials are a core service for the Library with a proposed investment of \$4,965,000 over the next 10 years. This capital project maintains the historic level of funding to allow the Library to continue to develop and maintain a collection of over 125,000 physical items in a variety of languages, reading levels and formats, including print and audio visual.
- The Technology Renewal Project enables the Library to provide reliable and responsive information technology services and infrastructure by enabling the replacement of aging information technology hardware at the appropriate time. In 2021, this will include the replacement of; RFID pads, switches, early literacy station, self-check station and scanner, printers, and chrome boxes.

- The Library's Strategic Action Plan was last updated in 2016. An update to the plan has been placed in the forecast every 5-years as it is a critical decision-making tool to keep staff and the public informed about the direction of the Library.

Fire Services:

The 2021 operating budget for Fire Services proposes a net expenditure increase of \$504,100 or 6.9% primarily related to changes in compensation and benefits for the current staff complement. Another major budget change was the increase to fire dispatch services contract managed through the City of Burlington. The increase reflects the estimated 2021 contract price.

The Fire Services capital program ensures sustained service delivery through the efficient lifecycle management of equipment, fleet and facilities. Funding for the projects identified in the 10-year capital forecast are critical to reducing risk in both property damage and loss of life for the residents of Halton Hills, while ensuring the effectiveness, responsiveness and safety of firefighters. The Fire Services 10-year capital plan is \$17,379,700 with \$968,000 proposed for 2021. The following summarizes key components of the Capital Forecast:

- \$3,340,000 for the lifecycle replacement of firefighter gear and protective equipment, as well as training equipment and vehicle outfitting.
- \$6,324,700 for the lifecycle replacement of Fire fleet. Staff will explore low-carbon fleet replacement options.
- \$7,410,000 for the construction and outfitting of a fourth fire station to extend protection to growth areas along the 401 corridor. This facility would include an upgraded training centre, as well as new fleet and equipment.

Transportation & Public Works:

The 376,200 or 2.8% net increase in Transportation and Public Works includes sufficient funding to maintain service levels for additional roads and park space and an increase of \$7,500 was incorporated into the enhanced pedestrian crosswalks budget under Public Works. These funds will be utilized for the installation and continued maintenance of an additional rainbow crossing to be located in Acton. The following budget inclusions have been included in the Transportation and Public Works operating budget:

- \$35,000 to support the Smart Commute Municipalities of Halton program to help reduce traffic congestion and improve air quality.
- The recommended changes related to the mid-term directions for the Specialized Transit Plan. One recommendation to including a funding provision for the approved contract extension for ActiVan Transit Operators until July 1st, 2021. Also included were the recommendations to transition the contract Transit Operators to 3 FT staff and 8 permanent part-time staff, as well as hiring

additional administration and dispatch staff to support operations. The net 2021 budget impact of both items is \$47,100.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Smart Commute Municipalities of Halton	\$ 35,000	\$ 35,000
ActiVan Transit Assistant Staff	158,878	18,378
ActiVan In-house Service Delivery	464,122	28,722
Total Ongoing	\$ 658,000	\$ 82,100

The 10-year capital plan for Transportation & Public Works supports the rehabilitation and construction of existing and new public infrastructure, as well as enhancing the quality of public transportation services. These activities are vital to building and maintaining the sustainable community of the Town. The Transportation & Public Works 10-year capital plan is \$168,837,700 with \$13,196,300 proposed for 2021. The following summarizes key components and highlights of the capital forecast:

- A ten year total of \$110,941,000 related to roadway design, construction and rehabilitation required to maintain assets in a state-of-good-repair.
- \$13,072,700 is required for the lifecycle replacement of transportation infrastructure such as traffic signals, streetlights and signage.
- \$13,838,500 for the lifecycle replacement and expansion of Public Works fleet and equipment based on best practices for management of assets, including \$730,000 for new and replacement equipment in 2021. Staff will explore low-carbon fleet and equipment replacement options as part of the purchasing process.
- \$1,024,053 of provincial and federal program funding through the Investing in Canada Infrastructure Program – Public Transit Stream will be utilized for the purpose of improving Activan and public transit services over the next few years. The funds will be primarily used for new and replacement vehicles for Activan, but will also be utilized for the improvement of the current transit system hardware and software. A portion of the funding is planned for the installation of transit infrastructure along the Steeles Avenue Corridor.
- \$2,343,200 has been included for the Collector/Arterial Asphalt Resurfacing program. This program will focus on the repair and reconstruction of collector and arterial roads that have exceeded their lifecycle in order to enhance public safety along these roadways.
- \$927,000 to continue the reconstruction of Queen St in Acton. The project will utilize \$1,485,000 in approved Ontario Connecting Links program funding for the work from the intersection of Queen Street & Young Street at Eastern Avenue to the intersection of Queen Street & Churchill Road.
- \$1,545,000 for the implementation of cycling infrastructure along Maple Ave from Trafalgar Rd to Mountainview Rd. The infrastructure will include a multi-use path and cycling track to enable increased Active Transportation.

- \$360,500 in 2021 and \$1,500,000 in 2023 for Glen Lawson & Third Line Corridor improvements to address roadway geometry and intersection conditions. This project will utilize \$1,562,437 in secured funding from the Investing in Canada – Rural and Northern Stream.

It is important to note that the potential implementation cost of the Active Transportation Master Plan (TPW-2020-0024) is not included in the capital forecast.

Planning & Development:

The Planning & Development operating budget increase for 2021 is \$116,000 or 8.1% primarily related to the compensation and benefits changes for the existing staffing complement. The following budget item has also been included in the budget:

- The conversion of the existing contract Planner Policy/Development Review position to full-time with a net budget impact of \$27,600. The position's total budget impact is offset by development application revenues, as well as the removal of the part-time Heritage Coordinator position which is no longer required due to workload efficiencies found within the department.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Planner Policy & Development Review	\$ 76,873	\$ 27,600
Total Ongoing	\$ 76,873	\$ 27,600

The 10-year Capital Plan for Planning & Development includes funding for key legislated and growth-related plans and studies in order to support development and growth for the Town. The 10-year capital plan totals \$5,923,000, with \$550,000 proposed for 2021. The following summarizes key components of the Capital Forecast:

- The 2021 Capital Budget includes \$200,000 for the Official Plan Review. The project will assist in providing a relevant, clear document that provides a sound framework for guiding land use change and economic development; and, a current document that appropriately reflects Provincial and Regional planning policy direction in a made in Halton Hills' context.
- The Cultural Heritage Master Plan has been included in the 2020 Capital Budget. Completion of the master plan will further enable the Town to have a fulsome understanding of the Town's cultural heritage resources and landscapes and an appropriate and detailed planning foundation to ensure the long-term conservation of those cultural heritage resources.
- \$5,373,000 for further civic improvements and development of studies including a Zoning By-Law Update, as well as Post 2031 Secondary Plans.

Recreation & Parks:

The Recreation & Parks department 2021 operating budget proposes a net expenditure increase of \$603,300, or 8.1%. This budget increase is mainly due to the increase of for compensation and benefits for the current staff complement and a base budget decrease in revenue of \$267,083 resulting from the recommendations outlined in RP-2020-0004 Recreation Rates and Fees Final Strategy – Final Report. Pre-approved budget items such as the operating impact of the Acton Youth Centre and additional hours for part time arena staff are also included in the 2021 operating budget.

The Recreation & Parks Department's 2021 capital budget allocation of \$4,350,800 is broken out as follows: new park and trail development 49%, facility repair and revitalization 34%, parks and trails repair and revitalization 12%, and staffing and studies at 5% of the total budget.

- Gellert Phase 2 is the largest project in the 2021-2030 Capital Forecast for Recreation and Parks at an estimated cost of \$25,000,000. Construction will commence following the completion of the design and engineering phase. As per RPT-CORPSERV-2019-001, pre-approval has been granted for this project. Gellert Community Centre is a 38,000 ft² facility that was constructed in 2004. Additional program space has been identified in order to support community recreational activities, seniors and youth programming by the Town in the future.
- Repair and maintenance of existing assets at a cost of \$11,726,500 as per the Town's Corporate Asset Management Plan.
- Phase 1 of Town Hall renovations accounts for \$525,000 of the budget in 2021.
- Low Carbon Design Briefs are forecasted at \$2,712,000 for retrofits and renewable energy projects at Town Hall in order to achieve net-zero carbon.
- Tolton Park is a multi-phased project which started with design and engineering in 2020; with construction to proceed in 2021. Total cost of the project is \$920,000.
- Construction of other parks and trail systems in Halton Hills is at a cost of \$13,845,400.
- Growth related projects within Parks & Open Space funded in the 2021-2030 Capital Budget and Plan account for \$19,048,700. Vision Georgetown projects account for \$8,535,000 of the overall growth-related funds. Projects of interest within the work plan over the next few years are:
 - Construction of Trafalgar Sports Park – Field of Dreams Phase 2 (2021) - \$735,400
 - Dominion Gardens Park Master Plan Implementation PH3 (2022) - \$660,000
 - Acquisition of Parks & Open Space Properties (2022) - \$1,000,000
 - Lion's Club Park - Dayfoot Drive (2022) - \$450,000
 - Gellert Park Expansion (2023) - \$6,000,000

It is important to note that the potential implementation costs to facilitate the Recreation & Parks Strategic Action Plan (RP-2020-0023) have not been included in the capital forecast.

Corporate Revenues and Expenses:

The change in corporate revenues (excluding levies) and expenses is a net budget increase of \$102,100 comprised mainly of an increase in contributions to reserves and higher insurance costs, which is partially offset by increases to payments in lieu of taxes.

The preliminary operating budget also includes an increase in the infrastructure gap special levy and a repurposing of fulfilled special levies which results in a budget decrease of \$356,000. When these sections are combined, the total impact is a \$253,900 decrease in the corporate revenues and expense section of the operating budget.

Acton Business Improvement Area:

The 2021 budget for the Acton Business Improvement Area can be found in Appendix D. The proposed 2021 budget is \$153,470 in gross expenditures and a net tax levy of \$96,970. This represents a 0% net levy increase from 2020.

Georgetown Business Improvement Area:

The 2021 budget for the Georgetown Business Improvement Area can be found in Appendix D. The proposed 2021 budget is \$263,300 in gross expenditures and a net tax levy of \$159,050. This represents a 25% net levy decrease from 2020.

I. Budget Challenges

Financing Growth

In September 2020, after almost a year-long consultation process with municipalities and the development industry, the province finalized all legislative changes by proclaiming the remaining amendments to the Development Charges Act (DCA) and the Planning Act (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.

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 which 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, there are still some restrictions related to capping collections and application of charges. 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.

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.

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.

COVID-19 Pandemic

The COVID-19 pandemic has had major impacts across the Town of Halton Hills. 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.

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 the 2021 Budget and Business Plan 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:

Staff is recommending that the proposed 2021 operating budget be approved at a net for levy amount of \$56,039,500. The proposed levy is 3.9%, which matches the Long-range Financial Plan target. If approved by Council, the net increase to the residential tax rate would be approximately 2.4% including the Town, Region and Education portions.

The proposed 2021 capital budget of \$22,109,700 is being submitted for Budget Committee's consideration along with a 9-year, 2022-2030 capital forecast totalling \$272,369,000. Updates will be provided to Council as staff continues to refine the longer-term financial forecast related to the timing of growth, the receipt of development charges and the impact the COVID-19 pandemic.

Reviewed and Approved by,

A handwritten signature in dark ink, appearing to read "M. J. Leighton".

Moya Jane Leighton, Town Treasurer and Director of Accounting

A handwritten signature in dark ink, appearing to read "C. Mills".

Chris Mills, Acting Chief Administrative Officer