



The Corporation of the Town of Milton
APPROVED CAPITAL AND
OPERATING BUDGET

2021

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01

Overview



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Welcome Messages

Message from the Chief Administrative Officer

Andrew M. Sitala

2020 has represented a unique and challenging time globally, nationally and here in Milton. The COVID-19 pandemic has impacted the daily lives of residents and the business community alike, and a significant amount of action has been required from all levels of government to promote safety, wellness and financial stability.

The Town of Milton is a responsive organization that has demonstrated the ability to react to the current landscape through being flexible, adaptable and innovative. Through the leadership of Council and commitment of staff, the Town's core services continue to be delivered through the pandemic. The Town accelerated digital service delivery in the wake of COVID-19 and while this channel of service was responsive in nature, the advancement has reinforced and validated the investment municipalities must undertake to balance the use technology and in-person services to best serve our residents and businesses.

Throughout this pandemic, a number of strategies have been implemented to address the financial impacts of COVID-19. The Town's standard model of service delivery enabled a nimble fiscal response, along with deliberate strategies specific to COVID, to mitigate costs.

While COVID-19 has presented challenges, the Town remains focused on the future of Milton. Investment must continue in areas that are critical to the recovery of the pandemic and position Milton as future-focused. These investments consider affordability to our taxpayers, while delivering services, infrastructure and programming that foster and support Milton's economy, provide wellbeing to our community, and maintain infrastructure.

As such, the 2021 budget themes include a focus in:

- Customer service
- Modernization of services

- Sustainability – environment & financial
- Economic development
- Asset management

Partnerships with other levels of government, community groups and organizations are critical to the success of Milton as a Place of Possibility. We continue to advocate on behalf of Milton at a regional, provincial and federal level for funding opportunities, and program or policy change, to meet the changing and growing needs of Milton.

Through the leadership of Council, the Town has a responsibility for an integrated and strategic long-term budget approach towards fulfilling community expectations and needs. The 2021 budget delivers investments in our community while balancing affordability, and better positions Milton as an inclusive, diverse and complete community.



Welcome Messages

Message from the CFO / Treasurer

Glen Cowan

Milton's approved 2021 Budget reflects a balance between continuing with the strategic investments that are required to ensure the continuity of services to a growing municipality, and the application of the appropriate fiscal restraint in response to the uncertainty that is associated with the on-going global pandemic.

As the forecasted COVID-19 financial impacts for 2021 remain uncertain, and since they may not represent on-going losses for the Town in the long-term, the Approved Budget ensures that these estimated pressures will not be funded directly from property tax funding in 2021. COVID-19 impacts are expected to include revenue shortfalls and investment in personal protective equipment in many of the same program areas that were affected in 2020. In addition to the directly related cost savings in those programs, the Town's budget anticipates the continuance of additional cost mitigation measures to further reduce the pressure. For the financial shortfall that remains after the Town's mitigation, funding is expected to be provided from either Federal or Provincial funding support (such as the Safe Restart Program in 2020), or by the Town's stabilization reserve.

Of the investments that will be funded from the property tax base in 2021, the capital financing strategy that was first initiated through the 2018 budget and formalized in the Town's Financial Principles Policy will continue. Further, the 2021 Budget also provides funding for six additional fire fighters as part of a total complement increase of 9 positions, with several other of the Town's priority needs being addressed through the conversion of existing positions or contracts.

As part of achieving a tax increase of 3.93% for the Town's share of property taxes (2.19% estimated total impact when Region and Education shares are considered), utilization of the Tax and Library Stabilization Reserves was required in an effort to phase-out the transfers that were

originally introduced in the 2020 Budget process. 2021 capital funding was also approved to allow for the implementation of a Human Resource Information System that will result in annual costs once operational. Combined, these measures will result in budget pressure in 2022 and 2023 as is presented through the multi-year operating budget forecast.

Significant effort went into developing the Approved Budget, including the identification of a number of measures to reduce the budget pressures on a temporary or permanent basis. At the same time, important new investments related to Town's priorities in technology, growth management, economic development and service delivery are being made. At a projected total property tax increase in the order of 2.19%, Milton will also continue to maintain one of the most affordable property tax rates within the Province.



Organizational Structure



**Mayor
Gordon Krantz**

Through a variety of departments, staff are responsible for administering Town programs and services.

Executive Services

Andrew Siltala

Chief Administrative Officer

- Office of the Mayor and CAO
- Strategic Initiatives and Economic Development
- Fire Services

Council is the governing body responsible for representing the public and considering the well-being and interests of the municipality.



Colin Best
Regional Councillor
Ward 1



Rick Malboeuf
Regional Councillor
Ward 2



Mike Cluett
Regional Councillor
Ward 3



Zeeshan Hamid
Regional Councillor
Ward 4



Kristina Tesser Derksen
Town Councillor
Ward 1



John Challinor II
Town Councillor
Ward 2



Rick Di Lorenzo
Town Councillor
Ward 3



Sameera Ali
Town Councillor
Ward 4

Corporate Services

Troy McHarg

Commissioner

- Financial Planning and Policy
- Accounting
- Human Resources
- Information Technology
- Purchasing and Risk Management
- Taxation and Assessment
- Legislative and Legal Services
- Strategic Communications

Community Services

Kristene Scott

Commissioner

- Parks and Facility Planning
- Facility Design and Construction
- Transit Services
- Arts and Culture
- Facility Operations
- Environment
- Recreation Programs
- Parks, Roads and Fleet Operations

Development Services

Barb Koopmans

Commissioner

- Policy Planning
- Development Review
- Building Services
- Infrastructure Construction
- Development Engineering
- Traffic

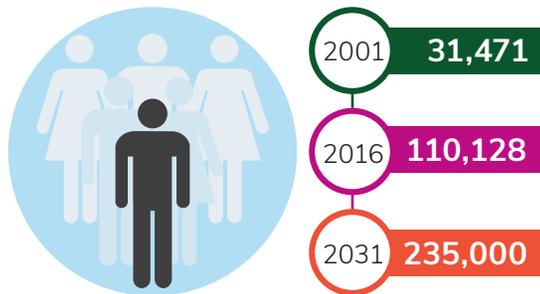
Snapshot of a Growing Community

A Place of Possibility

Nobody can deny that there is something special happening in Milton. New projects and new people bring exciting opportunities for the residents and businesses in Milton.

In 2000, Milton set out on a path of growth unlike any other municipality in Canada. The Town's vision for the future is bold.

Estimated Population Growth



Young, Educated and Growing Fast¹



35.3
Median Years of Age
Youngest in Ontario



73%
Post-Secondary Education
5th Most Educated Workforce in Ontario



\$126,186
Average Household Income
Top 5 in Ontario (Population > 50K)

Growing Community

The Town of Milton boasts a strong and diverse economy, with the following attributes:

- Major economic sectors include professional, scientific and technical services, advanced manufacturing, logistics and supply chain, as well as food production industries
- Labour force of 60,000¹ in 2016; projected to grow to over 114,000² by 2031
- Skilled, highly educated labour pool with close proximity to colleges and universities



22%
of Milton's Total Weighted Assessment is Non-residential
Balanced and diversified tax base supporting Town revenues

1.5 Million Square Feet
Historical 5 year rolling average of industrial - commercial - institutional development

Average annual residential units

1,400
(2015 - 2019)



Current Development Areas

Derry Green Corporate Business Park is the next major employment growth area for industrial development in Milton. With more than 2,000 acres of high-demand land, Derry Green will accommodate the majority of Milton's future industrial office development over the next five years.

Boyne Residential Survey is Phase 3 of the residential urban expansion in the Town of Milton, and will accommodate in excess of 50,000 new residents when fully developed. The area is approximately 2,300 acres in size and is bounded by Louis St. Laurent Avenue to the north, James Snow Parkway to the east, Britannia Road to the south and Tremaine Road to the west.

¹ 2016 Canadian Census ² Halton Region Best Planning Estimates 2011-2031

Snapshot of a Growing Community

Economic Context

Municipal Price Index

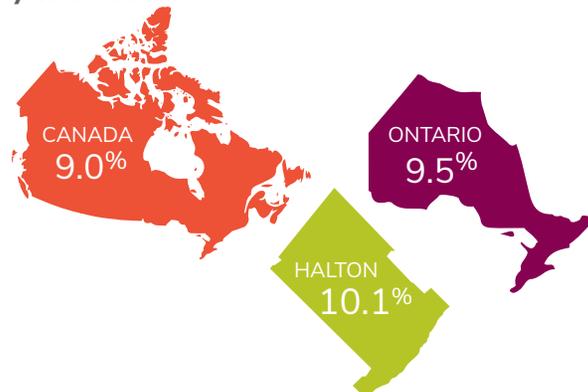
To accurately anticipate the inflationary pressures facing the Town, a customized Municipal Price Index (MPI) has been developed and used since 2008. The MPI is an inflationary index based specifically on the mix of goods and services purchased by the Town calculated as a weighted average of individual price increases for each component in the Town's budget.

For the 2021 budget, the MPI for the Town of Milton was calculated at 2.12% for expenditures and 2.51% overall, (see Staff Report CORS-046-20) which was the amount used to index user fees for 2021. However, as the 2021 budget was developed, each identifiable good, service or cost was projected based on the most current information available.

Employment Growth

Due to the impacts from COVID-19 unemployment rates rose sharply across Canada in 2020. From the end of 2019 to September 2020, the rate increased from 5.7% to 9.0% in Canada and from 5.6% to 9.5% in Ontario¹. Halton Region was similarly impacted as the unemployment rate rose from 5.0% in the first quarter of 2020 to 10.1% in the third quarter of 2020². Comparatively, the 5 year national average has been 6.3%³.

Unemployment Rate¹



¹ Statistics Canada

² Halton Region

³ Bank of Canada

Interest Rates/Borrowing

COVID-19 continues to have a major impact on the global and Canadian economy. To provide support to the Canadian financial system and the economy during the COVID-19 pandemic, the Bank of Canada lowered the target for the overnight rate by 1.5% to 0.25% in March 2020³. The interest rate cuts, along with pandemic concerns, decline in business and consumer confidence and reductions in growth projections has also created an overall decline in bond yields through 2020. The economic outlook from the major Canadian banks indicate the Bank of Canada may keep the overnight rate steady through 2021 while yields on long term bonds may start to increase.

This affects the Town in two key ways:

1. Low rates decrease borrowing costs for debt financed projects, impacting available funding to allocate towards capital projects.
2. Low rates decrease the amount of investment income, since the rate of return on surplus cash and investments is directly linked to interest rates.

How Does This Impact Milton?

The Town of Milton strives to achieve balance between residential and non-residential development, which contributes to a high standard of living for the community by supporting employment opportunities for Milton's highly educated population. This balance is also required as non-residential growth helps to alleviate rising pressure on the tax rates and debt capacity associated with residential growth.

Adequate funding sources, including user fees and property taxes, enable the Town to provide high quality municipal programs and services that support the vision of a complete community. The budget process provides an avenue to prioritize and balance the services provided with affordability within the economic context.

2021 Budget at a Glance

Building a Complete Community

Take transit to a favourite destination, use a pedestrian crossover to arrive safely at school or navigate the roadways by car. Play in the park, enjoy a theatre performance, take to the trails or explore recreation indoors to skate, swim and play sports. Rest soundly knowing that our dedicated firefighters ensure public safety. This is made possible through our core programs and services and partnerships with regional, provincial and federal levels of government. This is a complete community.



How Are Property Taxes Used?

A portion of every property tax dollar is used to provide a wide range of programs and services to ensure a high quality of life for residents.



Services Funded by Your Property Tax Bill

In addition to the Town of Milton, other agencies using property tax funds include Halton Region and the school boards, for the delivery of their community programs and services.



Town of Milton - 38%

Halton Region - 40%

- Waste and Recycling Collection
- Police and Paramedic Services
- Regional Roads and Transportation
- Social Services
- And more...

Education (School Boards) - 22%

2021 Budget at a Glance

The Budget Process

The Town's budget process starts with giving consideration to community priorities and feedback, as well as data collection to inform the Town's decision making. The 2021 budget considers the survey results received over the past several years, as well as feedback received through other avenues during the year.

Through CORS-044-20, Council provided direction to staff to prepare the operating budget with a residential property tax increase not to exceed 5%

on the Town portion of the total tax levy (which equates to an estimated 2.66% change when potential Region and Education changes are considered). Furthermore, in recognition of continued uncertainty resulting from COVID-19, Council directed staff to present strategies to mitigate the resulting impacts associated with COVID-19 without further increasing the property tax revenue in 2021.

The budget is then reviewed by senior management, made public for review and presented to Council for consideration.



Budget Principles

As outlined in the Town's Financial Principles Policy No. 110, financial planning starts with the establishment of Council's vision for the Town through a strategic planning process. Detailed studies and planning exercises undertaken by the Town, including various fiscal impact analyses, master plans and asset management plans are developed in line with the overall strategic vision. These plans then form the framework for capital investment and provision of services that support a growing community.

The budget process provides an avenue to prioritize and balance the allocation of available resources to achieve the various master plan targets and priorities and ultimately deliver services to the community.



Programs and services are reviewed on a regular basis to ensure the budget considers changes in the community's needs and incorporates innovation in service delivery.

2021 Budget at a Glance

Budget Public Input

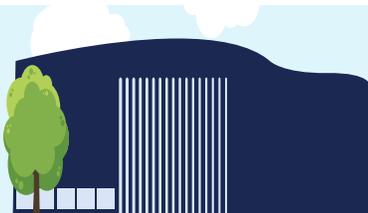
An important initial consideration in the preparation of the budget is public input received. Beginning with the 2021 Budget, the Town transitioned to utilizing a public input survey for each term of Council rather than each budget year. As such, the development of the 2021 budget considers the public survey results received over that past several years that tend to be relatively consistent from year to year. Feedback received from other avenues during the year are also considered such as through public meetings, public engagement on specific projects and comments received through Councillors.

Some of the notable items for consideration from the statistically relevant portion of the prior year survey include:

- 91% of residents rate the value received for tax dollars as very good, good or fair
- Residents are divided over how to balance taxation with service levels, with half of the respondents favouring tax increases to enhance or maintain services while the other half are not sure or favoured cutting services to maintain or reduce taxes
- 60% of respondents feel that Milton should pay about the average property taxes as other GTA municipalities

Funding the Replacement of Future Infrastructure

93% responded that it is important or somewhat important to set aside funding to replace infrastructure (such as roads and buildings)



- Continued strategy to mitigate existing infrastructure deficit by increasing the contribution to the capital fund with an additional \$1.0 million per year
- All new growth assets include a transfer to reserve for future replacement

Services Identified for Increased Investment of Tax Dollars



\$ Road Network



\$ Economic Development

- Respondents generally indicated that the Town should maintain the current level of investment for many of the services that were identified. That said, both the road network and economic development have been identified as areas where an interest in increased investment of tax dollars has been identified. The 2021 budget responds by investing in both of these areas through:
 - » The continued redevelopment and expansion of many roadways including Bronte Street (Main to Steeles)
 - » Additional rehabilitation of existing road networks through expanded asphalt and asphalt overlay programs
 - » Planned update to the Town's Economic Development Strategic Plan

Full details of the previous survey results can be found in the 2020 Budget Staff Report CORS-049-19.

2021 Budget at a Glance

COVID-19

COVID-19 has presented many challenges in workplaces, public facilities and high traffic amenities such as parks and transit. During 2020, the Town has responded to the changing environment and focused on business continuity with health and safety as the number one priority.

The financial pressures associated with COVID-19 are expected to continue into 2021. In response to the pandemic, restrictions have been placed on how certain municipal services can be delivered. This has resulted in significant reductions in revenue for the Town, particularly in the areas of recreation and transit. A net estimated impact of \$2.8 million related to the pandemic has been reflected as part of the 2021 budget which assumes a gradual return to normal by the fourth quarter of 2021.

Following similar strategies that proved successful in 2020, the impacts of the pandemic reflected in the 2021 budget are first mitigated through short-term reductions in spending of \$1.4 million, with a contribution from the Tax Rate Stabilization Reserve to fund the remaining balance. Should a Federal or Provincial funding program become available, or should a portion of the 2020 Safe Restart funding remain available for 2021, the Town may be able to lessen the required draw from reserve.

The impacts of COVID-19 on the 2021 budget along with the mitigation strategies are presented as non-recurring items within the budget as they are expected to be temporary in nature. The financial impact of COVID-19 will continue to change as the pandemic evolves and new information becomes available and, similar to 2020, will be an area closely monitored and reported on by staff in 2021.



The changes that have been made to service delivery in municipal government as well as many other sectors has also offered some lessons that have also been reflected in the 2021 Budget and forecast. Leveraging technology has been essential to maintaining business continuity and the approved budget continues to invest in e-services and mobile technology solutions. Reductions in spending in areas such as printing and supplies are also expected to be continued as the Town adopts more sustainable solutions. The Town will also continue to assess the changing nature of office space and customer service, and reflect opportunities in both the capital plan and operating needs.

2021 Budget at a Glance

Council-Staff Work Plan

The corporate Council-Staff Work Plan (ES-009-20) creates a shared vision for Council and staff and establishes the priorities for the remainder of this term of Council. The plan is the road map for how the Town of Milton will continue to accommodate growth while ensuring the financial sustainability of the organization and community. The 2021 budget supports the four goals of the plan through both new and multi-year projects as outlined below:

1. Planning for Growth



- **New Official Plan:** Ongoing update to the Town's Official Plan to focus on resident's quality of life and response to anticipated growth (capital project C900110)
- **Government Relations Strategy:** Development of a strategy addressing school and hospital planning, GO transit advocacy and access to available funding programs (capital project C101127)
- **Asset Management Plan:** Planned 2021 update to Town's Asset Management plan to include all remaining municipal infrastructure assets and forecast proposed levels of services for those assets (capital project C200101)
- **Infrastructure Renewal Reserve:** Continued contribution to capital fund of an additional \$1.0 million per year to reduce the existing infrastructure deficit and ensure new growth-related assets also include a transfer to reserve for future lifecycle costs

2. Increasing Revenue Potential



- **Economic Development Strategy:** Strategy update to guide activities that attract new investment, innovation and partnerships in Milton (capital project C101126)
- **User Fee Study:** Comprehensive review and update of the Town's fees planned for 2021 to proactively continue to ensure costs of services provided are recovered through user fees as appropriate and in accordance with policy and legislation (capital project C200111)

3. Community Attractiveness and Competitiveness



- **Diversity Strategy:** Opportunities to celebrate diversity and promote inclusion and equity within the organization and community (capital project C101127)
- **Sustainability Leadership Plan:** Continued focus on demonstrating leadership in sustainability (capital project C101127)

4. Service Innovation

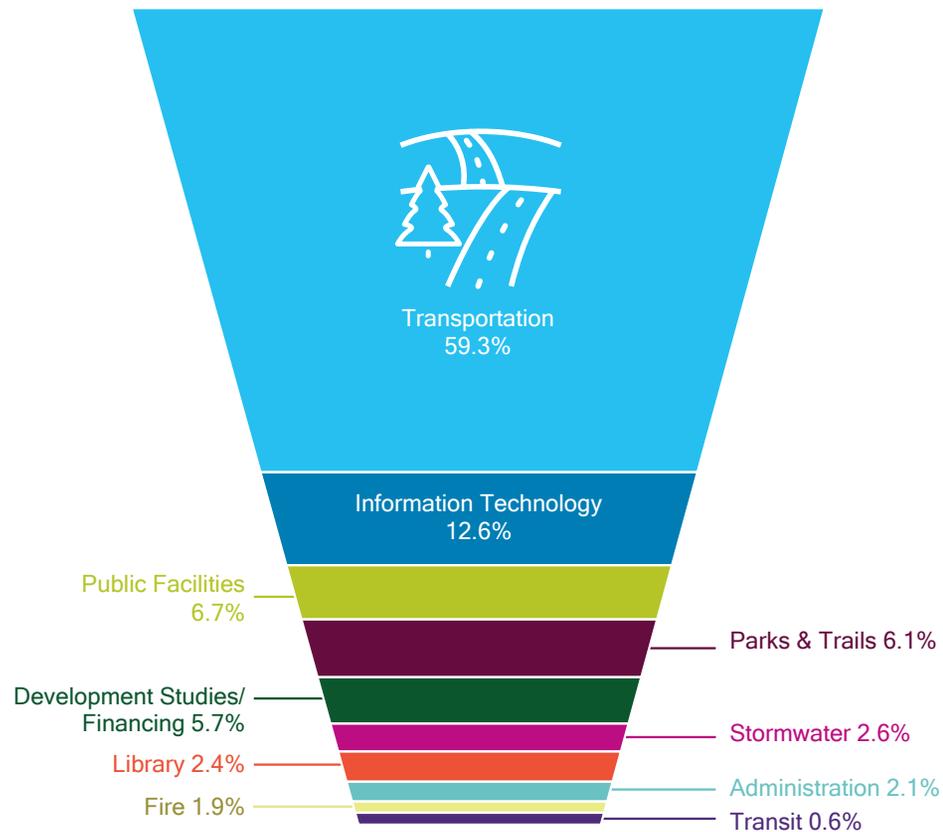


- **Digital Service Delivery Strategy:** Planned update to the IT Strategic Plan (capital project C240003), programming enhancements and modifications to the Town's digital eServices solutions (capital project C240009) and investment in a Human Resources Information System (HRIS) (capital project C240125)

2021 Budget at a Glance

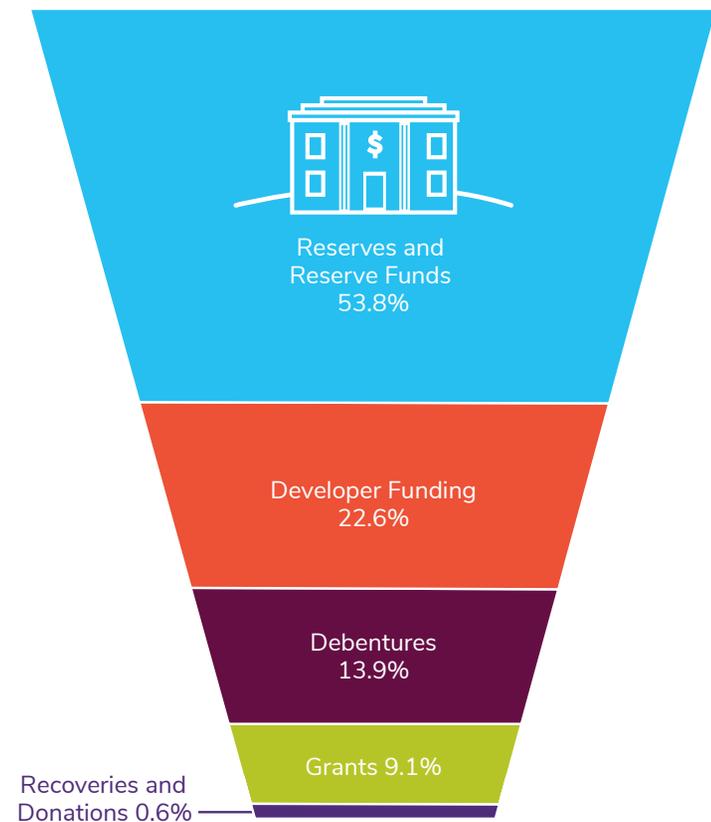
Investing in Infrastructure to Support a Complete Community

A growing municipality like Milton needs to invest in both new infrastructure and the renewal of existing assets, such as roads, facilities and parks. The 2021 capital program includes 109 projects valued at \$56.2 million to provide programs and services to the community. Here is a snapshot of our capital investment in the community for 2021:



How is the Capital Budget Funded?

The development of new and the rehabilitation of old infrastructure to provide services to the community is very costly. Milton continues to actively pursue all available external financing opportunities, such as developer funding for growth and other grants to lessen the financial impact on taxpayers. \$24.5 million of this year's capital program is funded from external sources, largely from development charge revenues.



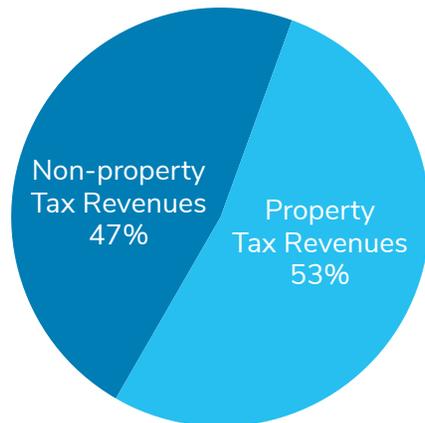
2021 Budget at a Glance

2021 Operating Budget Overview

To achieve Council direction, COVID-19 impacts were first mitigated through reductions in spending, along with a contribution from the Tax Rate Stabilization Reserve. Reductions from trending analysis and efficiency opportunities were incorporated into the budget. Some growth related items originally planned to be included in the 2021 budget were deferred. Finally, additional contributions from stabilization reserves were included in the budget to achieve a 3.93% increase, or \$9.74 per \$100,000 of residential assessment on local property tax.

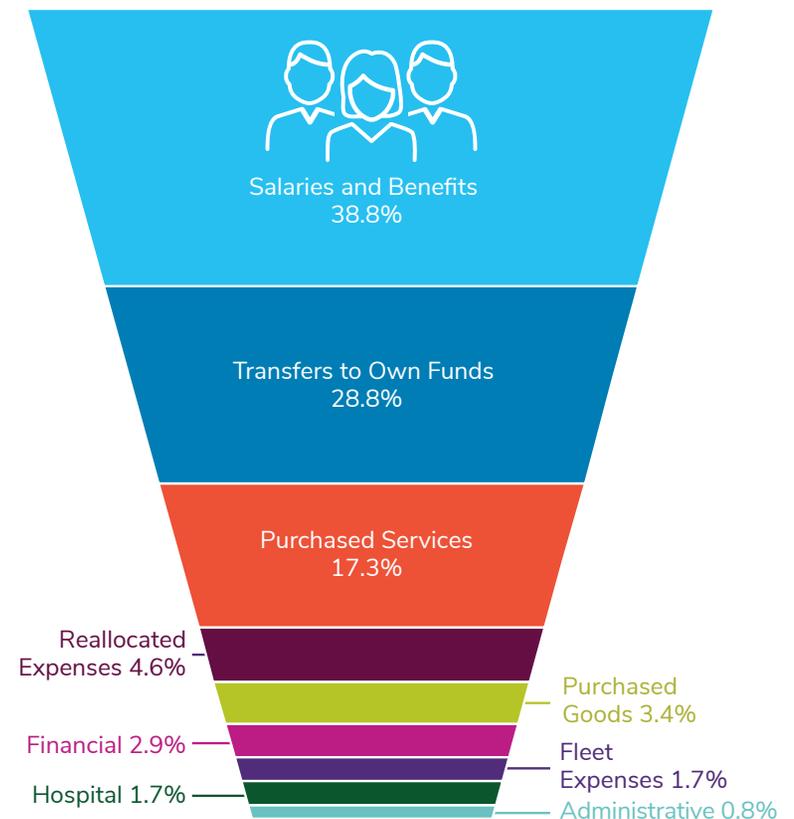
Funding Sources

The 2021 gross operating budget leverages a variety of funding sources other than property taxes to support service delivery. These other sources, including user fees, service charges, grants and recoveries, account for almost half of the \$147.4 million gross budget.



Operating Budget Investments to Support a Complete Community:

Every day residents rely on municipal services such as transportation, parks, recreation and fire. The operating budget funds the day-to-day operations of the Town including the financing of capital projects through debt payments and transfers to reserves. The 2021 gross operating budget provides for \$147.4 million in spending on people, contracts and other expenses to deliver the programs and services to Milton's growing community:



2021 Budget at a Glance

How Milton's Taxes Compare To Surrounding Municipalities

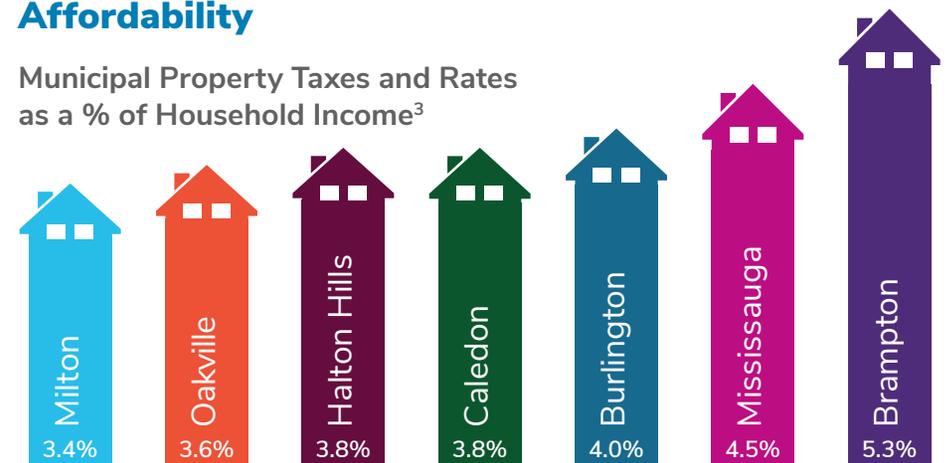


Milton's Portion of Total Tax Bill



Affordability

Municipal Property Taxes and Rates as a % of Household Income³



Milton is tied for second lowest in the GTA at 3.4% and **second lowest in the province³**.

¹ 2019 BMA Management Consulting Inc. Municipal Study ² 2020 Tax rates from each municipality's website (Commercial and Industrial Comparison on page 336)

³ 2019 BMA Municipal Study, Pages 462-464, 466; rates include water/wastewater

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