



REPORT

REPORT TO: Chair and Members of the Budget Committee

REPORT FROM: Moya Leighton, CPA, CGA, MBA

DATE: November 25, 2019

REPORT NO.: CORPSERV-2019-0045

RE: 2020 Proposed Capital and Operating Budget and Business Plans

RECOMMENDATION:

THAT Report No. CORPSERV-2019-0045 dated November 25, 2019 regarding the 2020 Proposed Capital and Operating Budget and Business Plans be received;

AND FURTHER THAT the proposed base Operating Budget levy increase of 2.5% be approved;

AND FURTHER THAT the proposed 0.6% dedicated levy to address the infrastructure funding deficit be approved;

AND FURTHER THAT the 2020 proposed Operating Budget for general Town purposes be approved at a net levy amount of \$53,557,300, being a total Town tax levy increase of 3.1% excluding provisions for the Acton and Georgetown Business Improvement Associations, equating to an estimated overall increase of 2.1% including Town, Region and Education portions;

AND FURTHER THAT the Acton BIA expenditures included in the 2020 budget be approved in the gross amount of \$171,220, with a net tax levy of \$96,970;

AND FURTHER THAT the Georgetown BIA expenditures included in the 2020 budget be approved in the gross amount of \$289,800, with a net tax levy of \$212,050;

AND FURTHER THAT the 2020 Capital Budget in the amount of \$25,380,400 be approved;

AND FURTHER THAT Council authorizes debenture funding of \$1,900,000 for the 22nd side road construction project;

AND FURTHER THAT Council approves a 10-year term debenture for the 22nd side road construction project, to be funded annually from the “New Capital Reserve”;

AND FURTHER THAT the 2021-2029 Capital Budget forecast in the amount of \$277,662,600 be approved in principle subject to the annual review;

AND FURTHER THAT \$800,000 of funding in the 2021 forecast year for the construction related to the Tolton Lands Redevelopment project be approved to ensure timing alignment with the design and engineering work to be undertaken in 2020;

AND FURTHER THAT staff be authorized to proceed with the 2020 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.

As with previous budgets, the 2020 budget document evolved through an iterative and collaborative process between Council members, the CAO and senior staff. Between January and May, staff implemented budget-related improvements such as the new asset management prioritization tool. In the spring, a training session was held to ensure staff had a full understanding of the budget process before detailed work commenced.

In June of 2019, a workshop was facilitated by StrategyCorp for Members of Council to identify focus areas for the 2019 to 2022 period. These priorities have been reflected in the Town’s 2020 budgets and departmental business plans.

Throughout the summer, each department carefully reviewed their operations, rates and fees to seek efficiencies, with the resulting savings included in the 2020 budgets. In addition, the Budget Review Committee representing staff from all departments met on multiple occasions to consider proposed capital projects and prioritize in accordance with an established decision-making tool. Priority projects were recommended to the Senior Management Team.

On November 15, 2019, staff presented the 2020 Budget Directions report (CORPSERV-2019-0036) 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 confirmed and potential changes in the provincial direction, e.g., Bill 108 - *More Homes, More Choice, 2019* and any other changes that may affect the Region of Halton and the School Boards and in turn impact the blended tax rate. With the subsequent approval of this report, staff proceeded with finalizing the Preliminary 2020 Operating and Capital budgets.

During the weeks of November 25, 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 CAO, the Town Treasurer and members of the Senior Management Team and to provide a forum for any budget-related questions.

The 2020 Preliminary Operating Budget is summarized in Appendix A and the 2020 Capital Budget and nine-year forecast are shown in Appendix B. Staff has verified that the proposed 2020 Operating and Capital budgets can be accommodated within the Long Range Financial Plan approved by Council in January 2019.

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 2019 and provides an update on the status of those initiatives as they pertain to the 2020 Budget.

The Business Improvement Associations submit their annual budgets to their respective boards for approval and are included with the Town's 2020 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 2020 net Operating Budget is \$53,557,300 which is an increase of \$1,602,800 or 3.1% (Town portion) after assessment growth over the 2019 budget. This levy is a tax rate reduction of 0.8% over the 2019 increase and Long Range Financial Plan target and is the lowest proposed levy increase in 19 years.
- Overall tax rate increase is 2.1% after factoring the Regional and Board of Education rate increases, representing 2% and 0% respectively.
- The 2020 Capital Budget is \$25,380,400 which is an increase of \$4,087,100 from the 2019 budget.

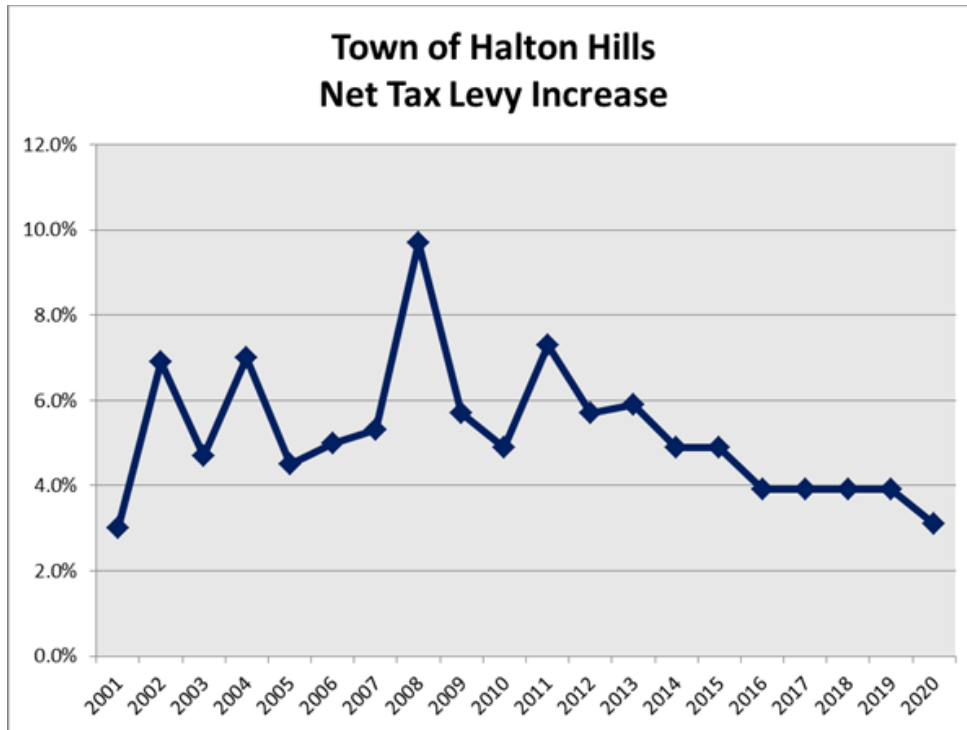
- The budget will continue to support a fiscally sound approach to building reserves and managing debt, in accordance with the Town's policies and the Long Range Financial Plan.
- The budget includes strategic operating and capital investments in Council's priority areas with respect to growth, transportation, climate change and asset management.
- 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 efficiencies following careful review of all programs and services, healthy assessment growth, ongoing receipt of supplementary taxes, and the Hydro re-payment plan; staff is confident that priority issues can be addressed both from an operating and capital perspective.
- Staff will continue to monitor changes in the provincial direction and advise Council of impacts accordingly.

B Proposed Tax Levy

The 2020 Operating Budget is being presented at a net levy increase (Town portion) of 3.1%, in accordance with the direction presented to Budget Committee on November 15, 2019. Staff was able to reduce the tax levy increase by 0.8%, to ensure it was lower than the 3.9% rate presented to Council through the LRFP update in January 2019. The 3.1% increase delivers on Council's strategic priorities by optimizing assessment growth and other sources of revenue, implementing internal efficiencies resulting from staff reviews, and maximizing the balance of borrowing and investments as identified through the Long Range Financial Plan. The levy also factors in contributions to reserves and the paying down of debt, which are essential to maintaining the Town's fiscal health.

The 3.1% increase in the Town's net levy is comprised of a net base operating budget increase of 2.5% and an increase to the existing Infrastructure Gap levy of 0.6% or \$310,000, bringing the total annual contributions to \$594,000. 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*.

Healthy assessment growth, driven by residential development was a key factor in the delivery of a budget with the lowest Town tax rate increase in 19 years, as illustrated in the following graph. The graph also demonstrates that the tax levy has been steadily decreasing since 2012.



The 3.1% increase will result in a net levy amount of \$53,557,300. The net tax increase per \$100,000 of assessment is \$11. When blended with the Regional increase this equates to an estimated residential tax increase of 2.1%, or a \$17 increase per \$100,000 of residential assessment as outlined in the chart below:

PROPERTY TAX IMPACT 2020 OPERATING BUDGET (Per \$100,000 CVA)				
	2019 Final Budget	2020 Preliminary Budget	\$ Change	% Change
Town	\$359	\$370	\$11	3.1%
Region *	\$284	\$290	\$6	2.0%
Education **	\$161	\$161	\$0	0.0%
Total	\$804	\$821	\$17	2.1%

Notes:
 * Based on Regional 2020 proposed budget
 **Based on 2019 Education rates

C Operating Budget Highlights:

The 2020 Budget and Business Plan was prepared using the following assumptions:

1. A projected 2.26% increase in assessment growth for 2020, equating to additional revenue of \$1,265,000. This is related mostly to new residential housing construction and the expansion of the Toronto Premium Outlet Mall.
2. A projected impact of \$1,528,700 for compensation and benefits adjustments. This includes previously approved contract adjustments, performance increments, job evaluation changes, proposed economic adjustment of 1.75%, any benefit costs associated with the Town's benefit provider, Canada Pension Plan/Employment Insurance and Workers' Safety and Insurance Board changes.
3. Conversion of existing contractual positions to permanent needed to deliver expected services at a cost of \$441,500.
4. Continuation of the Special Levy to address the infrastructure deficit identified in the State of Infrastructure Report at a 0.6% tax levy increase of \$310,000 – reallocated from the Fire Services Special Levy, which was capped in 2019.
5. A projected base budget impact of \$212,100 to account for inflationary pressures on existing services based on the CPI forecasted inflation of 2.0% for 2020, as well as increases in materials and supplies required to maintain service levels.
6. Contributions in the total amount of \$9.9M to reserves to meet the minimum targets outlined in the LRFP. Council approved a policy for reserves which includes target balances, along with key criteria around the use of a reserve. By referencing key sensitivity targets including reserve balances in the context of upcoming growth, the Town is able to ensure that reserves remain healthy. Reserves are critical in that they serve as an accessible source of internal financing, prepare the Town for growth and keep working capital intact. They are a significant factor in maintaining a strong financial position.
7. The Town will adhere to the established a debt management approach, which targets a maximum annual debt re-payment cost of 10% of the net tax levy. Constant monitoring of debt costs and rates of return on investments enable the Town to respond quickly to changing market conditions and manage debt load appropriately. The cost of debt in the 2020 budget including principal and interest is 9.39%- which falls below the Town's internal target of 10%.
8. Halton Hills Community Energy Corporation will continue to provide dividends and interest payments in 2020, as well as the first installment of a 6-year promissory note re-payment plan that will result in a steady cash flow for the Town to support the (1) repayment of debt; (2) the building of reserves; and (3) priority capital projects.

The Long Range Financial Plan update presented to Council in the new year will highlight how Hydro monies will be used in accordance with these priorities.

9. Operating impacts of previously approved capital projects amount to an expected \$97,100 increase to the annual budget. These costs include maintenance for new sidewalk connections, street lighting, bike lanes and pedestrian crossings, as well as maintenance agreements for additional EV charging stations.
10. An adjustment in timing for the construction of the Gellert Community Centre Phase 2 addition to 2021. The design and engineering phase will continue throughout 2020 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. Through the design and engineering work, staff is expected to have a more precise costing for the project, and with the pending release of the Bill 108 regulations with respect to the Community Benefit Charges, will be able to confirm the funding mechanism. In November, staff submitted an application for grant funding through the *Canada Infrastructure Program – Community, Culture and Recreation Stream*. If the application is successful, the Town's contribution to the estimated \$25M project would be 26.67% of the total project cost or \$6.7M;
11. Increase to the budgeted supplementary tax revenue from \$275,000 to \$325,000. Supplemental assessment occurs when new construction is completed or when there is an increase in the value of property during the current tax year, e.g. after a major renovation/addition. The timing of supplementary assessment is dependent upon the completion of construction and subject to an independent review by Municipal Property Assessment Corporation (MPAC). Supplementary taxes have ranged from \$350,000 to as high as \$1.3M in the past six years depending on MPAC's focus for that particular year. Given these fluctuations, staff prefers to budget conservatively at \$325,000, which represents an increase of \$50,000.
12. The budgeted contingency for salary gapping is \$755,000, representing expected savings due to anticipated retirements in 2020 and the historical averages for employee turnover and retention.

D Proposed Capital Budget and Debt Financing

The proposed 2020 Capital budget amounting to \$25,380,400, is funded predominantly through capital reserves, development charges and special levies. The following table summarizes the proposed capital budget by department and the associated funding sources:

Department	Project	Gross Cost
Transportation & Public Works	Main St N Bridge CNR Construction	3,292,000
Transportation & Public Works	22nd SdRd Construction Hwy 7 to Limehouse	2,500,000
Transportation & Public Works	Pavement Management	1,606,100
Transportation & Public Works	Mountainview Over CN Bridge No. 13207 SPN Construction	1,500,000
Transportation & Public Works	Equipment Replacement	972,500
Corporate Services	AMIS Implementation	750,000
Recreation & Parks	Acton Youth Centre Construction	736,500
Transportation & Public Works	Main St Glen Williams Mountain St. to Urban Limit Reconstruction	650,000
Planning & Development	Premier Gateway Phase 2B Secondary Plan	600,000
Transportation & Public Works	Maple & Main St. S./Guelph & Maple Turn Lane Construction	500,000
Total		13,107,100

The Capital Budget funding strategy is based on many factors including an analysis of the timing and mix of projects. Following this analysis, it was determined that 2020 would require a 10-year debenture of \$1,900,000 to support the 22nd Side Road project- construction from Highway 7 to Limehouse. The estimated cost to finance this debenture, using a projected borrowing rate of 3% will be \$327,380. This in turn will be repaid through the Operating Budget, fully funded over 10 years from the “New Capital Reserve”.

E Capital Budget Highlights

The highest value projects scheduled for 2020 total \$13,107,100 and are highlighted below; these ten projects account for approximately 52% of the total proposed capital budget:

Department	Project	Gross Cost
Transportation & Public Works	Main St N Bridge CNR Construction	3,292,000
Transportation & Public Works	22nd SdRd Construction Hwy 7 to Limehouse	2,500,000
Transportation & Public Works	Pavement Management	1,606,100
Transportation & Public Works	Mountainview Over CN Bridge No. 13207 SPN Construction	1,500,000
Transportation & Public Works	Equipment Replacement	972,500
Corporate Services	AMIS Implementation	750,000
Recreation & Parks	Acton Youth Centre Construction	736,500
Transportation & Public Works	Main St Glen Williams Mountain St. to Urban Limit Reconstruction	650,000
Planning & Development	Premier Gateway Phase 2B Secondary Plan	600,000
Transportation & Public Works	Maple & Main St. S./Guelph & Maple Turn Lane Construction	500,000
Total		13,107,100

It is important to note that strategic investments have been made through the Capital Budget to support Council's priorities, as below:

- Shaping growth, including affordable housing (\$3.7M)
- Addressing transportation issues, including traffic safety, road maintenance, active transportation and preparing for transit (\$2.9M)
- Supporting climate change initiatives (\$1.3M)
- Investing in assets (\$17.M)

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 \$235,700 directly attributable to the 2020 capital program, which effect the 2020, 2021 and 2022 budget years. The following table provides greater detail on those amounts:

**Town of Halton Hills
2020 Capital Budget
Operating Budget Impacts**

Project		Amount	Budget Year
Corporate Services			
2300-10-1911	Acton Indoor Pool Network	5,500	2021
2300-10-1912	Data Storage Strategy & Archiving Software	10,000	2021
2300-05-2004	Construction Inspection Software	5,500	2021
2300-05-2002	AMIS Implementation	170,000	2022
Transportation & Public Works			
6100-21-1701	Rural Streetlighting	1,200	2020
6100-23-1602	Active Transportation Enhancement Program	2,000	2020
6100-22-1805	Trucking Strategy Implementation	5,000	2020
6200-16-2010	Barber Drive (East) Mountainview Road to Danby Road Bike	10,000	2020
6100-28-1516	Traffic Calming	2,000	2020
6500-18-0110	Traffic Infrastructure	5,000	2020
6100-28-1808	Mandated (AODA) Accessible Pedestrian Signal Upgrades	6,000	2020
Recreation & Parks			
8500-12-0101	Park Parking Lot Surfacing	(500)	2020
8500-24-1901	Hungry Hollow Trails Ph 3 Eighth Line to Cedarvale Park	2,000	2020
8500-11-1803	Community Courtyard & Marquee Gtown Library Branch	2,000	2020
8510-10-0101	Community Partnership - Trafalgar Sports Park Leash Free Park	10,000	2020
2020 Operating Budget Impact		44,700	
2021 Operating Budget Impact		21,000	
2022 Operating Budget Impact		170,000	
TOTAL OPERATING BUDGET IMPACT		235,700	

G Proposed Capital Forecast (2021-2029)

Staff is also proposing a nine- year capital forecast for the period 2021 and 2029 as summarized in the table below:

Year	Gross Cost	General & Special Tax Levies	Development Charges	Capital Reserves	Debentures	Other
2021	55,044,300	3,073,400	6,348,047	16,469,340	25,000,000	4,153,513
2022	30,457,300	3,134,900	9,611,908	14,099,296	-	3,611,196
2023	35,866,100	3,197,600	14,377,622	10,739,837	3,425,750	4,125,291
2024	27,511,900	3,261,600	10,366,258	8,237,942	2,000,000	3,646,100
2025	34,081,800	3,326,800	8,809,773	6,591,427	11,651,400	3,702,400
2026	24,559,000	3,393,300	8,813,867	4,801,833	3,820,500	3,729,500
2027	32,787,700	3,461,200	16,295,998	6,016,002	3,225,000	3,789,500
2028	23,748,500	3,530,400	6,852,273	6,455,827	3,093,700	3,816,300
2029	13,606,000	3,601,000	1,711,593	4,432,407	-	3,861,000
Total	277,662,600	29,980,200	83,187,300	77,843,900	52,216,400	34,434,800

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 Design and Engineering works for the Tolton Park capital project is scheduled for the 2020 budget year. The work includes undertaking the required environmental studies prior to remediation efforts to ensure the site is remediated to ministry standards. Once these studies have been completed, the construction and remediation work can commence. The estimated cost for this is \$800,000 and is included in the 2021 forecast above and staff is requesting pre-budget approval of these works to ensure the timing aligns between the studies and remediation work.

H Service Level Enhancements (Operating & Capital):

Office of the CAO:

The increase of \$929,300 to the Office of the CAO Operating Budget is reflective of the corporate re-organization to amalgamate the Corporate Asset Management and Office of Sustainability under the new Climate Change and Asset Management Division within

the Office of the CAO. Corresponding decreases exist within the Planning and Development, and the Recreation and Parks departmental budgets. The following represent the 2020 Operating Budget inclusions:

- An additional Municipal By-Law Enforcement Officer to support the ongoing needs within Enforcement Services. This position is responsible for enforcing the municipal by-laws and certain provincial statues by responding to inquiries and complaints from the public, staff and other agencies related to health, safety and the well-being of the community.
- The inclusion of an Asset Management Coordinator to move forward with the program and meet legislative requirements. From 2020 onward, the Corporate Asset Management Program will evolve into the tactical implementation phase: developing risk and lifecycle management strategies, refining and maintaining the asset register, improving the optimized decision making tool and supporting the Asset Management Information System.
- A permanent part-time Curatorial Assistant to retain an existing resource that was introduced in 2014. The Curatorial Assistant will maintain existing core services related to the Helson Gallery, facilitate the allocation of resources to strategic initiatives, and enable the delivery of expanded programs. Currently, the Helson Gallery has no full-time resources and is experiencing growing demands that cannot be met without retaining a Curatorial Assistant position.
- An Economic Development part-time student position to assist with the implementation of the Economic Development and Tourism division's workplan.
- An Expeditor and Business Development Portfolio Manager, funded 100% through the Service Modernization Grant and the Economic Investment Attraction Fund. This position will support the delivery of core economic development services by working directly with existing business and key strategic investment leads to attract local jobs, and will assist with key initiatives such as the Economic Development and Tourism Strategy.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Ongoing:		
Municipal By-law Enforcement Officer	\$73,700	\$65,200
Asset Management Coordinator	\$81,900	\$73,400
Curatorial Assistant	\$32,600	\$32,600
Economic Development – PT Student	\$11,600	\$11,600
Expeditor and Business Portfolio Manager	<u>\$149,500</u>	-
Total Ongoing	<u>\$349,300</u>	<u>\$182,800</u>

The 2020 Capital Budget of \$1,387,500 for the Office of the CAO includes initiatives such as the Municipal Accessibility Plan, Community Improvement Plan Grant Program and the Manufacturing Expansion Fund, 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 2020 capital budget provides \$382,000 for implementation of HVAC Testing and Retrofits for a number of facilities, as well as optimization of the Town's geothermal systems in use at four Town facilities.
- \$680,000 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 and the Climate Change Adaptation Strategy Implementation.
- \$123,000 has been forecasted for energy optimization of the Gellert Community Centre Pool, as well as the Ice Plant at Moldmaster's Sportsplex.
- The Community Improvement Plan (CIP) Grant Program supports economic development and investment attraction by providing financial incentives to stimulate private sector investment in revitalization, redevelopment and renewal. The 2020 budget proposes \$107,500 for the program and a further \$45,000 to update the plan for the future.
- The Municipal Accessibility Plan is an annual program that invests \$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.
- The Manufacturing Expansion Fund was put in place to assist established businesses with expansions by covering the costs of certain Town fees. This program is one of the Town's key economic development tools and enhances the Town's competitiveness. By assisting local businesses, the Fund supports the retention of local employers and the associated jobs and financial/economic spin-off benefits. In 2020 the proposed budget for this fund is \$40,000.

Corporate Services:

The \$545,100 net increase to Corporate Services' 2020 Operating Budget addresses current staffing needs, and support for information technology systems, as follows:

- Conversion of 3.8 full-time equivalent positions from contractual to permanent status for a net total of \$286,900, or 5.2% to continue the delivery of expected services. These positions include the Communications Coordinator, the Assessment Analyst, the Financial Accountant and the Purchasing Clerk, which were funded in 2019 through a one-time contribution from the 2018 Operating surplus. Inclusion in the 2020 Operating Budget will provide sustainable funding for these positions going forward.
- Network administration and cyber security services. The recommendations from the Corporate Technology Strategic Plan included the outsourcing of specialized

functions that are more efficiently provided externally and are reflected in a net budget increase of \$90,000 or 1.6%.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Ongoing:		
Communications Coordinator	\$86,900	\$71,900
Assessment Analyst	\$53,500	\$53,500
Financial Accountant	\$111,000	\$111,000
Purchasing Clerk	\$50,500	\$50,500
Cyber Security Services	\$50,000	\$50,000
Total Ongoing	<u>\$351,900</u>	<u>\$336,900</u>

The Corporate Services 2020 Capital Budget largely consists of the development and management of the Town’s information technology, in accordance with the Council-approved Corporate Technology Strategic Plan (CTSP). Well-run municipalities rely on technology to be effective, increase the productivity and efficiency of their staff, and provide services that satisfy customers with their simplicity and convenience. With this goal in mind, the Capital portfolio 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 capital plan is proposing \$1,428,500 for 2020. The following summarizes key components of the Capital Forecast:

- As per the CTSP, a \$473,500 investment in IT in 2020 includes hardware replacement and upgrades, as well as service improvement projects that will modernize service delivery.
- \$750,000 in 2020 for the implementation of a new asset management solution. This is part of the overall implementation plan of the Corporate Asset Management strategy and will contribute towards optimizing asset performance and reliability.
- \$150,000 for financial planning including the updating of the Development Charge Study and the development of a Community Benefits Charge Strategy and associated Long Range Financial Plan updates.
- \$55,000 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 calibre talent.

Library Services:

The \$143,500 decrease in Library Services' Operating Budget is due to the phasing out of internal rental chargebacks for the maintenance and operations of shared space within the Cultural Centre. The net zero impact is offset by an increase to the Facilities Operating Budget within Recreation & Parks.

The Library Services 2020 Capital Budget is \$513,300, consisting of a \$424,000 investment in collections, materials and media and \$44,300 in Information Technology.

- Library materials are a core service. The funding allows the Library to continue to develop and maintain a collection of over 115,000 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 by enabling the replacement of aging hardware. In 2020, this will include the replacement of Humanware smartware, communication headsets, laser printers, self-check stations and scanners, and early literacy stations.
- The furnishings in the teen lounges at each Library will be undergoing an update in 2020, including sofas, chairs and study tables, at a budgeted cost of \$20,000. The layout is based on input from youth in the community and the Library's Teen Advisory Council.

Fire Services:

The \$83,600 increase in Fire Services' Operating Budget is primarily comprised of changes in base compensation and benefits for the current staff complement. The full effect of these changes for 2020 have been mostly offset by an adjustment to actuals for prior year estimates based on the new Collective Bargaining Agreement. Fire Services has one 2020 Operating Budget inclusion as follows:

- Conversion of the existing Customer Service Representative contract position to permanent status at a cost of \$31,200, or 0.4%. This position was previously funded from a one-time contribution from the 2018 Fire Services operating surplus. Inclusion in the 2020 Operating Budget would provide sustainable funding for this position moving forward.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Ongoing: Customer Service Representative	\$31,200	\$31,200

The Fire Services Capital Budget for 2020 ensures sustained service delivery through the efficient lifecycle management of equipment, fleet and facilities. Ongoing capital funding is 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. A capital budget of \$768,000 is proposed for 2020 with a summary of key highlights as follows:

- \$353,000 for the lifecycle replacement of firefighter gear and protective equipment, as well as training equipment and vehicle outfitting.
- \$270,000 for the lifecycle replacement of Fire fleet.
- \$60,000 for facility repairs and upgrades.
- Staff will explore low-carbon fleet replacement options.

Transportation & Public Works:

The \$867,600 net increase in Transportation & Public Works’ Operating Budget includes sufficient funding to maintain service levels for additional roads and park space, establish an urban forestry program, and improve the Town’s catch basin cleaning program. The Operating Budget inclusions are as follows:

- Support for the dedicated urban forestry program to address the increased maintenance needs of both rural and urban forests in the amount of \$50,000.
- Improvements to the Town’s Catch Basin Cleaning program in the amount of \$75,000; funding will allow for increased cleaning of catch basins, in line with industry standards.
- Conversion of the Traffic Analyst position to full-time permanent. This position is required to address the existing workload and to assist with the capital program.
- A Development Engineering Technologist position to assist in providing expertise with reviewing development applications and providing oversight for on-site technical issues, representing a net increase of \$52,600. full cost has been partially offset through savings in summer student wages and benefits.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Ongoing:		
Forestry Program	\$50,000	\$50,000
Catch Basin Cleaning Program Upgrades	\$75,000	\$75,000
Traffic Analyst	\$99,300	\$90,800
Development Engineering Technologist	<u>\$85,200</u>	<u>\$52,600</u>
Total Ongoing	<u>\$309,500</u>	<u>\$268,400</u>

The 2020 Capital Budget 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 proposes a \$15,300,600 budget for 2020.

The following summarizes key components of the Capital Budget:

- \$806,100 related to roadway design, construction and rehabilitation required to maintain assets in a state-of-good-repair.
- \$1,095,000 is required for the lifecycle replacement of transportation infrastructure such as traffic signals, streetlights and signage.
- \$1,207,500 for the lifecycle replacement and expansion of Public Works fleet and equipment based on best practices for management of assets. Staff will explore low-carbon fleet and equipment replacement options as part of the purchasing process.
- Funding to support the new Affordable Housing Working group has been included in the 2020 Capital budget at a cost of \$25,000. The group will focus on the development of an affordable housing strategy to provide recommendations for actions both the Town and residents can take to combat rising housing prices.
- \$2,962,787 in provincial grant funding for the Ministry of Transportation's Connecting Links program is to be utilized for the rehabilitation and reconstruction of the Main Street North Bridge over the Canadian National railway (known as "the white bridge"). The work is planned to include parapet walls, improvements to the road and sidewalk surface, and on-road bike facilities and is budgeted to cost \$3,292,000.
- \$925,000 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.
- The 2020 Capital Budget also includes \$2,500,000 in funding for the continued reconstruction of 22 Side Road. Phase 2 of the project will involve upgrading the surface treated road to asphalt from east of Elizabeth Street in Limehouse to Highway 7, as well as the inclusion of new active transportation facilities along the roadway.
- \$1,500,000 for the rehabilitation of Mountainview Road Bridge over the CN railway in 2020, which will primarily be funded through the Federal Gas Tax and Ontario Community Infrastructure Fund (OCIF) programs. The work is planned to include parapet walls, improvements to the road and sidewalk surface, and on-road bike facilities.

- \$650,000 for the design of Main Street in Glen Williams, to accommodate the addition of pedestrian, active transportation and drainage improvements.
- \$150,000 is budgeted for tree planting to mitigate the impacts of the Emerald Ash borer infestation.

Planning & Development:

The net decrease of \$115,500 in the Planning & Development Operating Budget is the result of a corporate re-organization involving the move of the Office of Sustainability to the Climate Change & Asset Management Division within the Office of the CAO. There is one 2020 Operating Budget inclusion as follows:

- A part-time Heritage Planning Coordinator position. This position will assist with coordinating with and supporting the Heritage Halton Hills Committee and addressing heritage planning matters.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Ongoing: Heritage Planning Coordinator (part-time)	\$45,200	\$36,700

The 2020 Capital Budget for Planning & Development in the amount of \$900,000 includes funding for key legislated and growth-related plans and studies in order to support development and growth for the Town. The proposed Capital Budget is summarized as follows:

- \$600,000 for the Premier Gateway Phase 2B Secondary Plan. The secondary plan will help facilitate development of the remaining Premier Gateway Employment Area lands by providing important policies and designations required to make the lands “development ready”. The development of the lands will help to attract businesses, jobs, and tax assessment for the Town.
- \$300,000 for the Southeast Georgetown Planning Study has been included in the 2020 Capital budget. Completion of the study will further enable development within the Southeast Georgetown Planning Area and provide growth for the Town.

Recreation & Parks:

The \$553,450 increase in Recreation & Parks Operating Budget is the net result of corporate re-organization, moving Corporate Asset Management under the Office of the CAO, and the elimination of internal rental chargebacks to the Library. The 2020 Operating Budget inclusions are as follows:

- Manager of Community Development position mainly responsible for social planning, financial management and capacity building to support local residents.
- Conversion of permanent part-time Customer Service Representative to a full-time Administrative Assistant at the Acton Arena & Community Centre.

BUDGET INCLUSIONS	TOTAL COST	BUDGET IMPACT
Ongoing:		
Manager of Community Development	\$106,600	\$98,100
Administrative Assistant	\$56,900	\$24,400
Total Ongoing	<u>\$163,500</u>	<u>\$122,500</u>

The Recreation and Parks 2020 Capital Budget is \$5,082,500, consisting of investments in community and youth centre construction projects, parks and open space projects and other growth-related infrastructure. The state-of-good repair initiatives comprise the other important areas of the capital budget. The following summarizes key components of the 2020 Capital Budget:

- Complete facility construction (\$736,500) to begin in 2020 of former Acton Town Hall space currently leased by Heritage Acton to accommodate dedicated youth space (Youth Wellness Hub). Aligning with the Youth Service Delivery Model, this space will be a fully integrated "one-stop-shop" for youth-serving recreation and health and social service agencies. This site replaces the current Off the Wall Youth Centre located in Acton. As per RPT-CORPSERV-2019-001, pre-approval has been granted for this project.
- Repair and maintenance of existing Town assets at a cost of \$2,381,000 as per the Town's Corporate Asset Management Plan.
- Tolton Park is a multi-phased project starting with design and engineering in 2020 of \$120,000; with construction to follow in 2021. Total cost of the project is \$920,000. Staff is recommending pre-approval of the construction amount of \$800,000 in 2021 to ensure timing alignment with the design and engineering work.
- Cedarvale Community Centre Revitalization - \$322,000
- \$30,000 has been budgeted for cemetery revitalization
- Construction of other parks and trail systems in Halton Hills will cost \$810,000 in 2020. The main projects within the Parks & Open Space work plan are:
 - Parks Revitalization & Renewal - \$145,000

- Play Equipment Replacement - \$300,000; with \$175,000 being pre-approved in 2019 as per RPT-CORPSERV-2019-001 for the replacement of Gellert Community Park Playground
- Springfield Lighting Replacement - \$100,000
- Hungry Hollow Trails - \$265,000
- Growth-related projects within Parks & Open Space have in the main been deferred to future years to align with the timing of growth; in 2020, the following projects will proceed:
 - Trafalgar Sports Park – Field of Dreams Phase 2 - Design in 2020 - \$50,000, with construction to follow
 - \$300,000 is budgeted to proceed with the Trafalgar Sports Park Leash Free Park as part of a Community Partnership

Corporate Expenses:

The \$138,950 increase to the Corporate Revenue & Expenses Operating Budget is comprised mainly of increases to reserve contributions and insurance premiums, which are partially offset by an increase in the contingency for salary gapping and supplementary taxes.

Acton Business Improvement Area:

The 2020 budget for the Acton Business Improvement Area can be found in Appendix D. The proposed 2020 budget is for \$171,220 in gross expenditures and a net tax levy of \$96,970. This represents a net levy increase of 2% or \$1,905 since 2019.

Georgetown Business Improvement Area:

The 2020 budget for the Georgetown Business Improvement Area can be found in Appendix E. The proposed 2020 budget is for \$289,800 in gross expenditures and a net tax levy of \$212,050. This net tax levy remains at the same rate as 2019.

I Budget Challenges:

With the changing political landscape, there may be funding challenges that are not known at the time of this report. These potential challenges are outlined below.

a) Bill 108, *More Homes, More Choice, 2019:*

The changes introduced will amend the current *Development Charges Act* (DCA) resulting in impacts on the timing of development charge collection and rate determinations, as well as the removal of soft services funding for recreation centres, parks, libraries and planning studies. Soft services will be subject to a capped Community Benefit Charge (CBC) under the Planning Act; the CBC will be based on a yet to be determined percentage of appraised land value. Regulations were scheduled for release this fall, and are expected to specify this percentage and other details

around the appraisal mechanism. Until these regulations are released, it is not known whether costs related to soft services will be recovered to the same degree under the previous DCA. This uncertainty makes it very difficult to plan for the funding of growth-related soft services. In addition, the amended DCA allows payments in six annual increments for certain kinds of developments, including commercial developments. This will impact the Town's cash flow (and that of the Region) and create a considerable administrative burden. Staff expects that the regulations will provide clarity around the payment schedule as well.

b) Frozen and/or reduced funding:

The Region of Halton- The Region has prepared their 2020 budget based on their latest understanding of the provincial direction. The Region may be faced with challenges in absorbing base budget pressures from inflation, as well as the increased demand for services and other growth impacts. This has placed added pressure on the Region to identify opportunities for savings as they absorb a larger cost share for these programs. The full extent of the funding impacts will not be known until the 2020 funding allocations are received from the Province.

Conservation Authorities- The Conservation Authorities, including three that serve Halton Hills (Credit Valley Conservation Authority; Conservation Halton; Grand Valley Conservation Authority) have received notice from the province that funding for flood mitigation programs has been cut in half. In addition, Conservation Authorities have been directed by the Province to focus on their core mandate. The impact to the Town in terms of a program funding shortfall is unclear at this time.

Boards of Education- The Province's education plan, *Education that Works for You*, includes significant funding cuts to grants available for school programs, and infrastructure investment. The education portion of the property tax rate could be potentially increased by the Province to balance the funding required for the education system.

c) Further potential claw backs in provincial transfers

The Town expected a doubling of the provincial gas tax based on a commitment from the previous Ontario Government, representing an additional \$6M over the next ten years; this has been reversed by the current Ontario Government. These funds would have supported public transit operations and infrastructure. Assuming current allocations, staff expects to receive provincial gas tax funds (\$595,498) and Ontario Community Infrastructure Funding (\$1,581,524) in 2020. There is no indication as yet that the provincial gas tax program will not continue in 2020 with the current funding formula. OCIF and the provincial gas tax programs represent a major source of funding for the Town.

RELATIONSHIP TO STRATEGIC PLAN:

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

FINANCIAL IMPACT:

Staff is recommending the proposed 2020 net levy requirement in the amount of \$53,557,300, and a capital budget of \$25,380,400. This represents an estimated overall increase to the residential tax rate of 2.1%, including Town, Region and Education portions. The 3.1% increase in the Town portion consists of a 2.5% base budget increase plus a 0.6% dedicated levy for long term capital asset planning in the context of climate change.

CONSULTATION:

The preparation of this report was done in consultation with staff from every department.

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 budgets are approved, summary information will be made available on the Town's website.

CONCLUSION:

Staff is recommending that the proposed 2020 Operating Budget be approved at a net for levy amount of \$53,557,300. The proposed levy is a reduction of 0.8% over the target approved through the Long Range Financial Plan and represents the lowest levy in 19 years. If approved by Council, the net increase to the residential tax rate would be approximately 2.1% including Town, Region and Education portions.

The proposed 2020 Capital Budget of \$25,380,400 is being submitted for Budget Committee's consideration along with a 9-year, 2021-2029 Capital Forecast totaling \$277,662,600. 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 of any Provincial changes.

Reviewed and Approved by,

A handwritten signature in black ink that reads "Jane Diamanti". The signature is written in a cursive, flowing style.

Jane Diamanti, Commissioner of Corporate Services

A handwritten signature in black ink that reads "Brent Marshall". The signature is written in a cursive, flowing style.

Brent Marshall, Chief Administrative Officer