

Appendix A

Municipal Price Index for 2026

	2025 Budget	% of 2025 tax supported Budget	Price Index	Weighted	Source	2026 Estimate
Salaries		34.16%	3.01%	1.03%	Market Adjustment	63,915,309
Benefits	16,373,695	9.01%	3.69%	0.33%	Various (OMERS, Manulife, Green Shield, AIG, etc.)	16,977,132
Hydro	2,613,097	1.44%	4.80%	0.07%	Milton Hydro	2,738,525
Hydro - Streetlighting	866,107	0.48%	4.80%	0.02%	Milton Hydro	907,680
Water	882,814	0.49%	6.00%	0.03%	Region of Halton	935,783
Natural Gas	1,251,706	0.69%	-15.00%	-0.10%	Bank Commodity Forecasts, CPI and Regulatory impacts	1,063,950
Insurance	1,520,786	0.84%	-6.24%	-0.05%	Estimated Change	1,425,913
Roads	1,346,543	0.74%	4.85%	0.04%	Asphalt Cement Price Index, MTO	1,411,807
Fleet Costs						
Fuel	2,083,214	1.15%	-15.00%	-0.17%	Bank Commodity Forecasts, CPI and Regulatory impacts	1,770,732
Repairs	1,813,980	1.00%	2.35%	0.02%	CPI	1,856,609
Licencing	142,326	0.08%	2.35%	0.00%	CPI	145,671
Transfer to Reserves	55,258,141	30.42%	3.52%	1.07%	Various (Stats Can Quarterly Construction Price Index, CPI)	57,204,706
Purchased Goods and Services	32,700,743	18.00%	2.35%	0.42%	CPI	33,469,211
Financial Expenditures	2,748,202	1.51%	0.64%	0.01%	Forecasted Tax Rate Change, Other	2,765,702
TOTAL EXPENSES	181,649,549	100.00%		2.72%		\$186,588,731
User Fees and Service Charges	(30,961,269)		2.72%		MPI (excluding Revenue Impacts)	(31,803,128)
Regional Recovery and Chargebacks	(7,449,174)		2.35%		CPI	(7,624,230)
Contribution from Capital	(9,672,917)		3.28%		Index of Non Union Salaries and Benefits	(9,989,890)
Investment and Interest Income	(10,029,491)		0.00%			(10,029,491)
Taxation and Payments in Lieu	(4,365,936)		7.50%			(4,693,381)
Grants, Other Recoveries and Donations	(2,784,121)		0.00%			(2,784,121)
Contributions from Reserves and Misc. Revenues	(5,046,322)		0.00%			(5,046,322)
TOTAL REVENUES	(70,309,230)					(71,970,563)
Tax Levy	111,340,319					\$114,618,168
2026 MPI						2.94%

While CPI can be a good proxy for general cost inflation it does not align with cost pressures faced by a municipality. CPI includes measures such as housing, food and transportation which does not reflect the typical basket of goods and services acquired annually by the Town, nor does it consider the significant level of investment in capital infrastructure spending or the impact of flat-lined revenue sources such as grants, investment income and most transfers from reserve.

To account for the differences and more accurately reflect the inflationary pressures facing the Town a customized Municipal Price Index (MPI) has been developed and has been in use 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 price increases for each component in the Town's budget and has been developed in accordance with Government Finance Officers Association (GFOA) best practices.

Total Expenses and Revenues are \$40.9 million lower than the approved 2025 Operating Budget due to the exclusion of flow through transactions that do not impact the tax levy and therefore are not relevant to MPI. The exclusions include General Government and Interfund transfers, Building Services, Hospital Expansion and reallocated expenses and revenues that have no bottom line impact.