



# The Corporation of the Town of Milton

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Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: September 8, 2025

Report No: ES-042-25

Subject: 2026 Budget Call Report

- Recommendation:**
1. THAT the Mayor be requested to consider the following when preparing the 2026 Budget for Council consideration:
    - a. That the 2026 Capital and Operating Budgets and Forecasts be prepared in alignment with the Town's Council-approved strategic plans and long-term studies (example: Strategic Plan, Official Plan, Asset Management Plan, Fiscal Impact Studies, Master Plans etc.)
    - b. That the 2026 Operating Budget be presented with a local residential property tax increase of 7.94% (estimated to result in a total tax rate increase of 5.20% including the regional and education portions of the levy).

## EXECUTIVE SUMMARY

- After various forms of mitigation, the estimated budget pressure for 2026 is equivalent to an increase in local property taxes of 7.94% (or \$28.16 per \$100,000 of assessment). Combined with estimated Regional and Education portions of the tax levy this would result in a total estimated tax pressure of 5.20% (or \$42.94 per \$100,000 of assessment) which falls within the range of targeted property tax increases outlined in the multi-year strategy report (ES-016-24).
- Key areas of investment that are expected for the Town in 2026 include Fire and Transit Services, in line with the Town's strategic goals.
- The Town's total tax levy is lower than surrounding local municipalities by an average of 18.8% for the average 2-storey home, and Milton property taxes as a percentage of household income remains lowest in the GTA and third lowest in the Province.

## EXECUTIVE SUMMARY

- The 2026/27 forecasted budget pressures that are presented in this Budget Call report are based on data and information currently available. As the detailed budget is developed this forecast will continue to be refined to include additional information that is identified.

## REPORT

### Background

Section 290 (1) of the Municipal Act requires municipalities to prepare and adopt an annual budget. Section 284.16 of the Municipal Act, 2001 (as amended by Bill 3) identifies that the duty of preparing a proposed budget for a municipality and providing the proposed budget to the council for consideration is the responsibility of the head of council.

To support the 2026 budget process, and consistent with prior years, staff will prepare budget reference material following the principles outlined in Financial Management - Financial Principles Policy No. 110 and the direction provided by Council. The budget process continues to be an avenue to prioritize and balance the allocation of available resources to achieve the various targets and priorities.

The Budget Call report provides background, context and financial considerations related to the 2026 budget.

### Discussion

Milton has experienced steady population growth since 2001 and has consistently ranked as one of Canada's fastest growing communities. With a population of 145,291 residents at the end of 2024 and projections showing that figure approximately doubling over a 15-year period, the Town continues to be faced with a number of financial challenges and opportunities. Within this context, the budget serves as a financial plan that provides guidelines and direction to staff for the allocation of resources and the provision of services and infrastructure.

### Public Input

The budget development process considers public feedback collected throughout the year. This includes engagement from Town initiatives such as master plan updates, planning processes and the 2022 Citizen Engagement Survey.



## Discussion

An excerpt from the survey is included as Appendix A. It highlights results related to property taxes, value for tax dollars and infrastructure funding.

In addition to these ongoing engagement opportunities, residents and business owners were invited to provide input on the prioritization of services and investments for the 2026 budget. This input was collected between June 2 and August 24, 2025 through the Let's Talk Milton platform. The opportunity was promoted through a news release, social media posts, public newsletters and the Town's website.

As of August 24, 2025, the Let's Talk Milton budget page had 2,194 total visits, including 1,890 unique visits (representing individual users, not repeated visits from the same person or device). Of these, 136 participants submitted feedback using the "Ideas" tool. While the platform will remain open for comments through November 27, 2025, feedback received by August 24 is provided in Appendix B.

Additional comments submitted between August 25 and November 27, 2025, will be shared with Council before the December 1, 2025, budget meeting.

## Growth Forecast

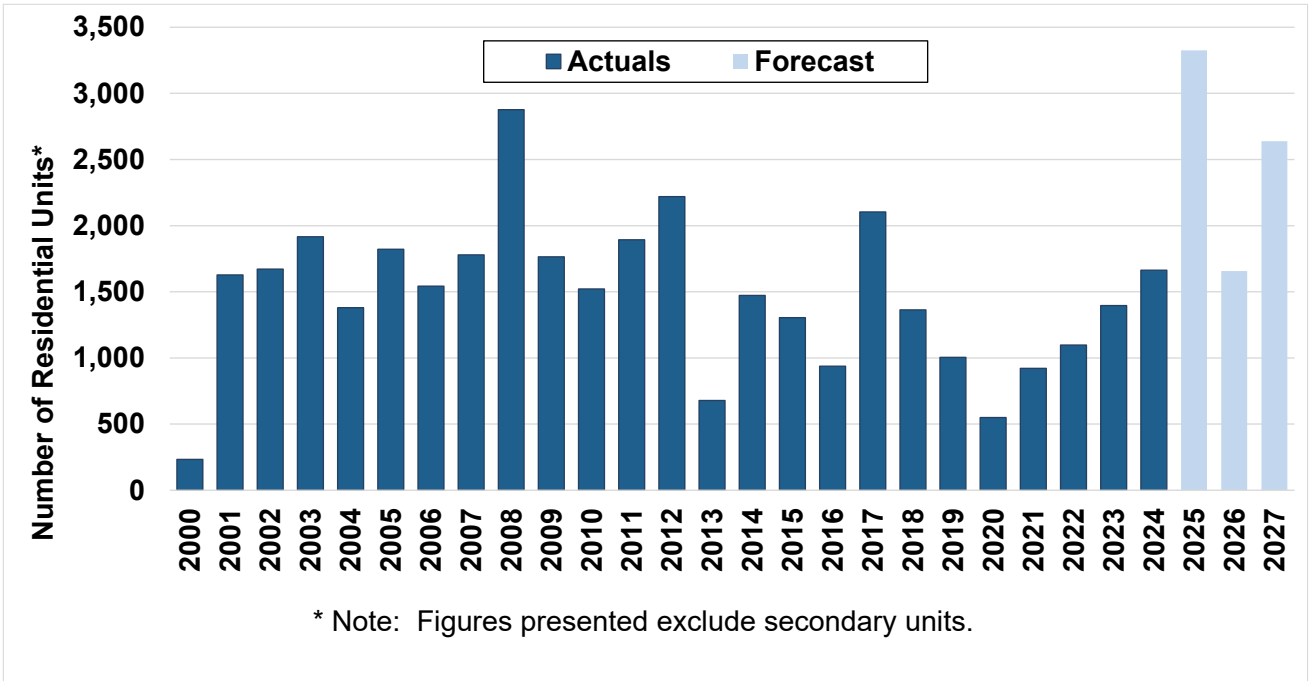
An important consideration in the preparation of the budget is estimating the rate of growth expected in the community which affects both revenues and expenses in the capital and operating budgets. Growth in the community will result in incremental tax revenues from assessment growth. It also drives the requirement to expand services and infrastructure such as roadways, parkland and facilities to the growing community.

The taxes raised from residential growth do not currently cover the costs of services provided and therefore balancing growth between the residential and non-residential sectors is critical to financial stability. Over recent years, residential growth has outpaced non-residential with the mix of assessment (unweighted) changing from 71.8% residential in 2001 to 82.9% residential in 2025.

Over the next several years, residential building activity is anticipated to be higher than previous activity experienced by the Town as illustrated in the following graph.

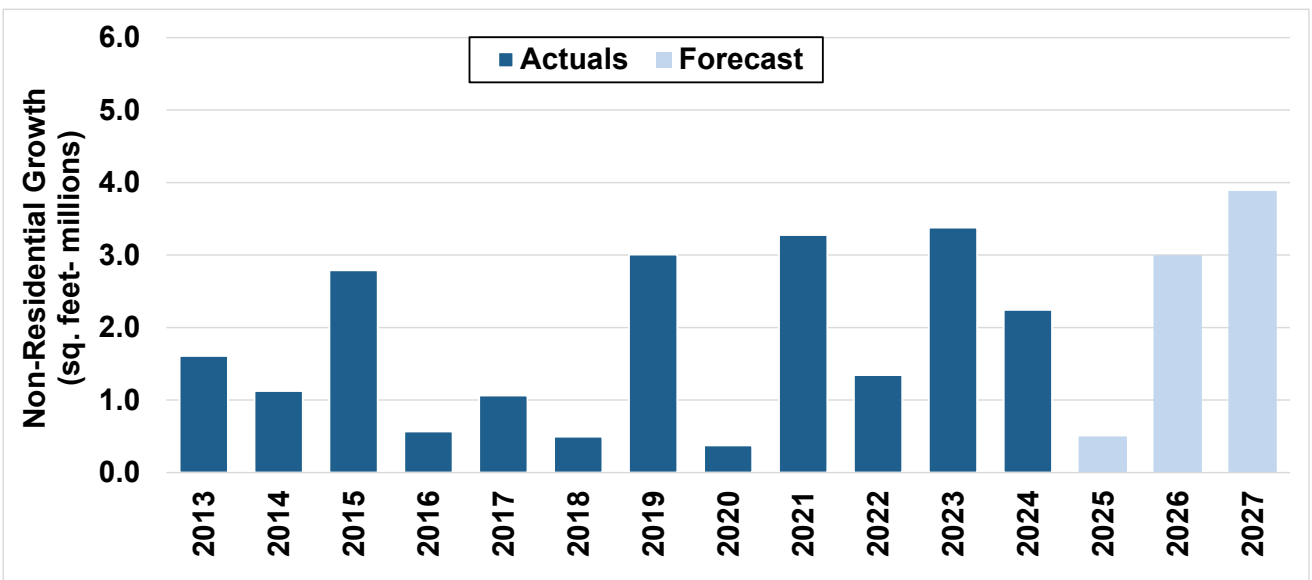
Discussion

Figure 1 - Town of Milton Residential Growth



Non-residential activity is also expected to remain strong with 3.0 million square feet of development anticipated in 2026.

Figure 2 - Town of Milton Non-Residential Growth





## **Discussion**

The projected levels of residential and non-residential growth will impact levels of annual assessment growth revenues that will be considered as part of budget processes in future years. Assessment growth for the current budget year will be influenced by prior volumes and is estimated at 3% for 2026.

### **Capital Budget and Forecast**

A 10-year capital budget and forecast will be prepared that will identify the investment required to support the anticipated growth in the community as well as the Town's infrastructure maintenance and rehabilitation needs. The starting point for preparing the 2026-2035 budget and forecast will be the 2026-2034 forecast presented through the 2025 budget process. The forecast estimated that the capital investment for 2026 would be approximately \$186.6 million, with a 9-year investment totaling \$1.5 billion. The budget and forecast will be updated to reflect revised construction timelines, updated cost estimates (including inflation) and current corporate priorities.

### **Operating Impacts from Capital**

Investing in new and expanded infrastructure has a significant financial impact on future operating budgets and tax levies. Capital investment in local infrastructure that is constructed by developers and assumed by the Town through new developments (including local roads and stormwater assets) also results in ongoing incremental costs. Capital budgets will continue to identify the operational impacts resulting from investment in new or expanded services including the maintenance of newly constructed roads and parks, expanded transit services, new facilities and information technology infrastructure. Future capital investment to maintain or replace assets is also required and as such, contributions to reserves for the long-term rehabilitation and/or replacement of new assets will be identified.

### **Infrastructure Funding Deficit & Asset Management Plan**

The Town's Corporate Asset Management Plan (AMP) was updated in 2025 through staff report ES-031-25 to consider proposed levels of service and resulting updated lifecycle management and financial strategies.

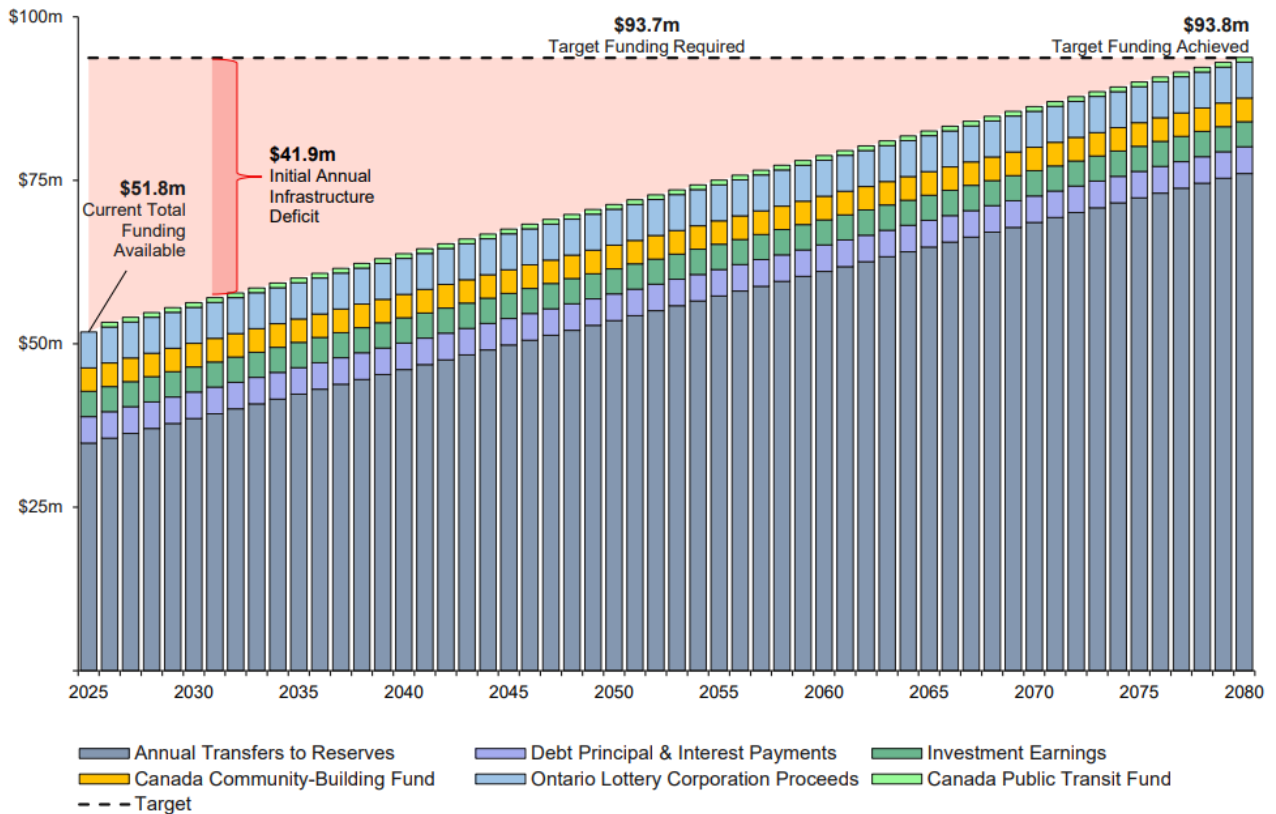
The study estimated that approximately \$93.7 million in annual capital lifecycle funding is required to support the Town's existing infrastructure. By comparison, the amount of sustainable funding available to the Town each year amounted to approximately \$51.8 million, resulting in an annual funding deficit of approximately \$41.9 million for the Town. In order to

## Discussion

sustain current services and service levels, a gradual reduction to the funding deficit will be required.

As illustrated in the graph below, if the Town continues contributing incremental annual lifecycle funding in the amount of \$750,000, which is the level included in the 2025 budget, the deficit would be eliminated in approximately 56 years. By comparison, should the Town contribute an incremental annual funding amount of \$1,500,000 the deficit would be eliminated in approximately 28 years.

**Figure 3 - Impact of Net New Annual Transfers of \$750,000 on Closing Annual Deficits**



It should be noted that amounts presented exclude both inflation and future acquisitions of additional assets. During this period, the Town's asset base will continue to grow through assets constructed by the Town or assumed from the development community. Should the Town continue its existing policies of adding sustainable funding sources for the future lifecycle costs of those new assets at the time of acquisition, and of increasing the funding base each year with consideration for inflationary rates, this will also further contribute to the growth of the annual funding sources that are available during the period. Similarly the Town

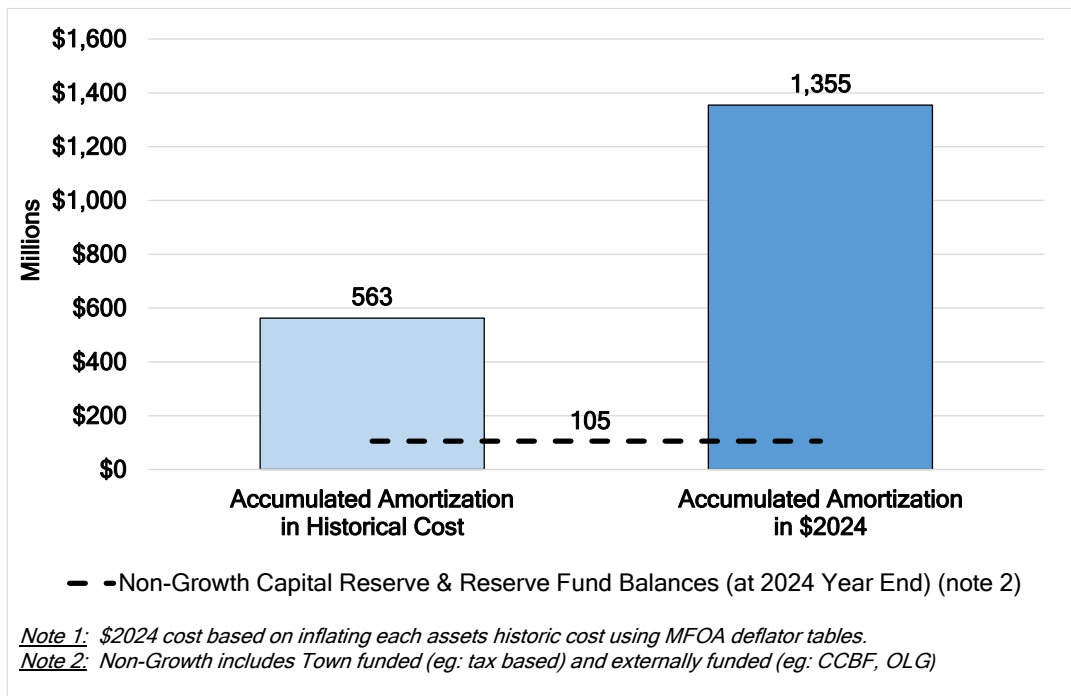
## Discussion

will see the introduction of the baseline allocation from the Canada Public Transit Fund in 2026, which will result in annual funding of \$723,253 that may be used to fund asset renewal on a sustainable basis.

Another way in which the deficit is being reduced is through asset maintenance strategies that may extend the useful life of infrastructure. Through the 2026 Budget Process the Town will update the forecast to reflect the recent transition towards an 18-year lifecycle for the transit fleet (from 12 years). This approach lowers the overall cost of ownership and service delivery, and reduces the annual lifecycle contribution that is necessary to sustain service levels in the future.

Another method of reviewing the degree to which the Town is setting aside funds for future rehabilitation is to compare the capital replacement reserve and reserve fund balances to the accumulated amortization on the Town’s assets (i.e. the degree to which existing assets have aged). These figures are depicted on the following graph and suggest that additional contributions to capital reserve are required for the Town’s existing assets based on the service levels currently provided. Although other financing tools (example debt or future contributions) will be available as a part of the funding strategy, the differences noted below exceed the current Provincially mandated and Council established debt capacity limits.

**Figure 4 - Measure of Infrastructure Renewal Funding Status**





## Discussion

### 2023-27 Strategic Plan

A Strategic Plan for the years 2023-2027 was approved through report ES-009-23. The plan identifies the following priorities for this term of council and will drive progress towards the long range vision of Milton in 2051:

- Invest in People
- Innovate in Technology & Process
- Quality Facilities & Amenities
- Connected Transit & Mobility
- Planned Community Growth

Due to the multi-year nature of several of the growth-related initiatives included in the plan, budget approval has already occurred or the financial impacts have been incorporated into the operating and capital budget forecasts for several items. Additional or new funding requests will be presented where required as the various initiatives proceed to finalization or when the scope and expected outcomes have been further defined.

### Workforce Planning

Staffing level requirements are reviewed annually, with consideration for Town goals and priorities as well as existing service levels and pressures. Performance measures are also assessed in relation to new staffing needs. In recent budget years due to financial pressures, a limited number of positions have been added, and previously forecasted needs have been deferred. The 2026 operating budget forecast presented herein includes a provision to address some of the highest priority staffing requirements, however, this leaves a number of pressures outstanding and could have implications on the service levels that are available to the community.

### Other Revenue Sources

Aside from property taxes, user fees and service charges provide a significant portion (20%) of the Town's operating revenues each year. Other sources of revenue that the Town of Milton proactively pursues to help manage the overall tax pressure include items such as, but not limited to: external grants, investment income and cost recovery agreements with external organizations. As these sources may not increase with inflation and growth, the Town faces ongoing pressures in trying to meet the requirements of a growing community.



## Discussion

Through effective management of Town user fees, which includes indexing annually by the Municipal Price Index (MPI), fees are charged to the direct users of many Town services to cover part or all of the costs of providing these services.

Aside from annual inflation, comprehensive studies are also undertaken periodically to compare the effective rates to the related cost (via activity based costing), as well as to benchmark the Town's rates to its peers. The latest comprehensive study on the Town's user fees, excluding recreation and transit, was completed in 2022 (staff report CORS-058-22). Internal reviews of Recreation and Facility fees were completed through recent budget processes in advance of a future planned comprehensive review. Transit fees were reviewed in 2024 as part of the Transit 5-Year Service Plan and Master Plan Update.

The majority of rates and fees within the forecast will be indexed in 2026 using the MPI for expenditures of 2.72% as presented in staff report ES-036-25.

### 2026 Operating Budget and Forecast

Through the 2025 Operating and Capital Budget staff completed an operating budget forecast for the pressures anticipated in 2026 and 2027. Based on the assumptions at the time, staff were projecting a tax levy pressure to the Town portion of the tax bill in those years of 13.05% in 2026 and 8.90% in 2027 that was largely driven by:

- Inflationary impacts to maintain existing levels of service.
- Funding to gradually reduce the Town's funding deficits.
- Extending services to new growth areas including the Boyne Secondary Area.
- Investment in service areas due to higher density growth.
- Phased reduction of non-sustainable reserve funding.

Staff have adjusted the forecast to reflect new information and analysis undertaken through the first two quarters of 2025 and then the following measures were then taken to achieve the presented number of 7.94% for 2026:

- Reduction of planned staffing increases;
- Reduction of planned funding to gradually reduce the infrastructure deficit from \$1.5 million to \$750,000;
- Continue to rely on \$1.4 million of funding from the Tax Rate Stabilization Reserve to mitigate budget pressure rather than eliminate this funding from the budget as planned prior to the end of this term of Council;
- Eliminate the planned \$100,000 increase in funding for tax write offs;



### Discussion

- Deferred the \$502,673 in lifecycle contribution funding for planned 2026 buses acquisitions to 2027 when the buses would be received;
- Added \$1,000,000 in new investment income revenues associated with the introduction of investments in the equity fund as outlined in ES-033-25.

These steps resulted in a projected pressure equal to a 7.94% local tax rate change in 2026 and 9.85% in 2027. Put another way, the revised forecast is currently projecting a tax pressure equivalent to \$28.16 per \$100,000 of residential assessment in 2026 and a further \$37.70 in 2027. These amounts are relative to the existing annual cost of \$355 per \$100,000.

The following table provides a summary of the primary drivers impacting the 2026 and 2027 forecast (with further detail provided in Appendix C).



# The Corporation of the Town of Milton

## Discussion

Component	2026			2027		
	Net Levy Impact \$ (000's)	Residential Tax		Net Levy Impact \$ (000's)	Residential Tax	
		per \$100K of Assessment*	% Change		per \$100K of Assessment*	% Change
<b>Prior Year Tax Levy</b>	<b>\$111,340</b>	<b>\$354.63</b>		<b>\$123,898</b>	<b>\$382.79</b>	
<b>Inflation and Base Adjustments:</b>						
Inflation (MPI)	\$3,273	\$10.11	2.85%	\$3,952	\$11.73	3.06%
Non-recurring & Reversal of One-Time Transfers	\$211	\$0.65	0.18%	\$1,365	\$4.05	1.06%
Service Enhancements	\$0	\$0.00	0.00%	\$108	\$0.32	0.08%
Infrastructure Deficit	\$750	\$2.32	0.65%	\$1,500	\$4.45	1.16%
Investment Income	(\$1,000)	(\$3.09)	-0.87%	\$0	\$0.00	0.00%
Other Base Adjustments	\$561	\$1.73	0.49%	\$673	\$2.00	0.52%
<b>Total Inflation and Base Adjustments</b>	<b>\$3,795</b>	<b>\$11.73</b>	<b>3.31%</b>	<b>\$7,598</b>	<b>\$22.55</b>	<b>5.89%</b>
<b>Growth Related:</b>						
State of Good Repair for Constructed & Assumed Assets	\$3,774	\$11.66	3.29%	\$3,541	\$10.51	2.75%
Expanded Service Delivery to Growth Areas	\$2,682	\$8.29	2.34%	\$4,533	\$13.45	3.51%
Other Growth-Related Impacts	\$2,307	\$7.13	2.01%	\$2,141	\$6.35	1.66%
<b>Total Growth Related</b>	<b>\$8,763</b>	<b>\$27.07</b>	<b>7.63%</b>	<b>\$10,215</b>	<b>\$30.31</b>	<b>7.92%</b>
<b>Total Increase in Levy</b>	<b>\$12,558</b>	<b>\$38.80</b>	<b>10.94%</b>	<b>\$17,813</b>	<b>\$52.86</b>	<b>13.81%</b>
<b>Total Tax Levy</b>	<b>\$123,898</b>	<b>\$393.43</b>		<b>\$141,711</b>	<b>\$435.64</b>	
Estimated Assessment Growth (net of reductions)**	(\$3,444)	(\$10.64)	-3.00%	(\$5,111)	(\$15.16)	-3.96%
<b>Forecasted Net Tax Levy Increase</b>	<b>\$9,114</b>	<b>\$382.79</b>	<b>7.94%</b>	<b>\$12,702</b>	<b>\$420.48</b>	<b>9.85%</b>

\* Based on 2025 CVA values per 2025 Final Tax Levy By-law, ES-017-25. Through the annual tax setting bylaw tax rates are re-calculated each year using current year assessment values.

\*\* This is the amount net of anticipated losses from Assessment Review Board appeals, Request for Reconsiderations, and Section 357 Applications (tax class changes, properties razed by fire, etc.).



**Discussion**

When potential changes to the Region and Educational portion of the property tax bill are considered, the total potential impact to ratepayers is estimated as follows:

		2026	2027
Town Tax Rate Pressure	\$ Change	\$28.16	\$37.70
	% Change	7.94%	9.85%
Overall Tax Rate Pressure*	\$ Change	\$42.94	\$51.02
	% Change	5.20%	5.87%

\* Includes estimated Town, Regional and Educational portion of the property tax bill. Estimated Regional change in 2026 is based on Region report FN-17-25, estimated Educational portions are held constant consistent with reports FN-10-25 and ES-017-25.

**Budget vs Actual Variance Trend**

As shown in the table below, over the previous five years the year-end operating expenditures have been within 2.8% of the approved net budget and 1.4% of the approved gross budget.

**Figure 5 - Five Year Historical net Budget Variance Trend**

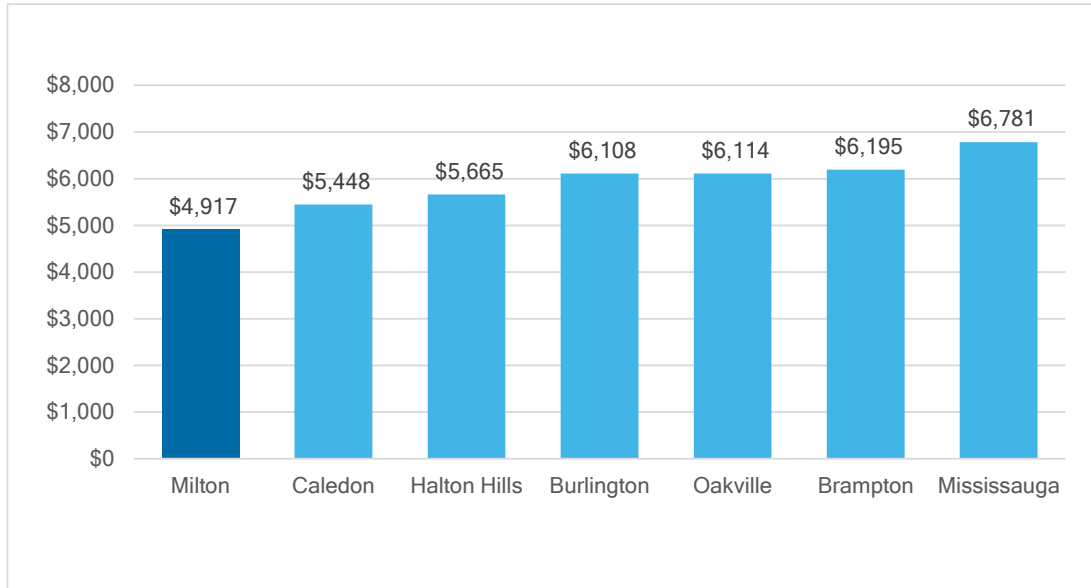
	2020	2021	2022	2023	2024	Average
Variance (\$Millions)	\$1.85	\$4.45	\$0.45	\$(0.23)	\$5.79	\$2.5
% Variance to Net Budget	2.7%	6.0%	0.6%	(0.3)%	5.8%	2.8%
% Variance to Gross Budget	1.3%	3.0%	0.3%	(0.1)%	3.0%	1.4%

\*Positive variance represents a surplus to budget and a negative variance represents a deficit to budget.

**Comparing Milton’s Taxes to Other Local Municipalities**

When comparing Milton’s overall residential tax bill (including Town, Region and Education portions) to surrounding municipalities, Milton continues to have the lowest tax rates. The following graph shows that Milton’s total residential property taxes for a 2 storey home are 18.8% lower than the comparator group average.

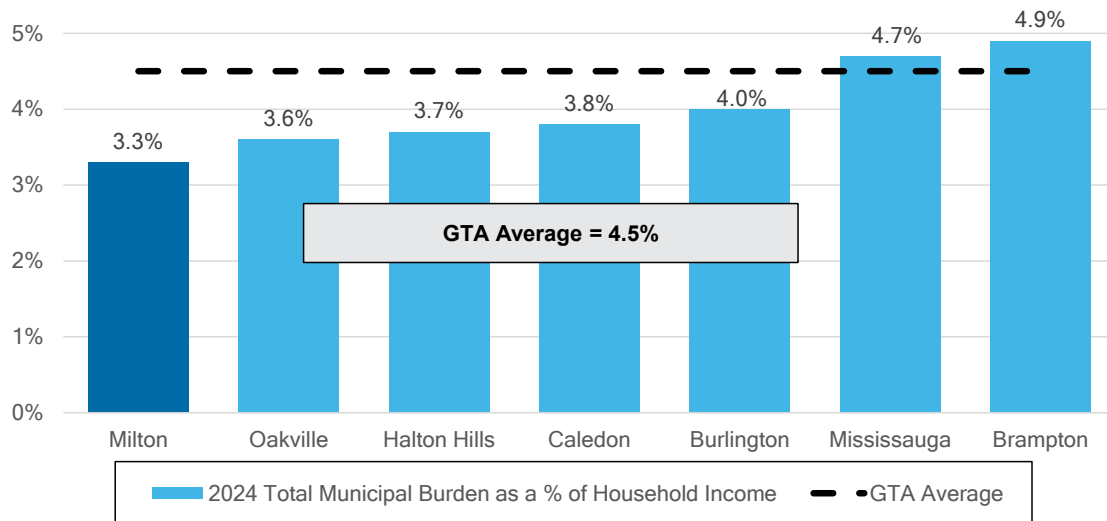
**Figure 6 - 2024 Residential Property Taxes for a 2 Storey Home**



### Affordability

Each year BMA Management Consulting completes a municipal comparative study on behalf of over 100 participating Ontario municipalities. Included in the study are various indicators and metrics to help evaluate a municipality’s financial condition including an analysis of affordability where the municipal burden (property taxes and water/wastewater rates) is calculated as a percentage of household income. Milton is third lowest when compared to the other participating Ontario Municipalities and is the lowest in the GTA.

**Figure 7 - 2024 Total Municipal Burden as a % of Household Income**



Source: BMA Management Consulting Inc. Municipal Study 2024

### Multi-Year Financial Strategy

Through ES-016-24 Council endorsed a Multi-Year Financial strategy wherein the annual target for the total property tax rate increase (inclusive of the Town, Region and Province) be established between 4.5% and 7.0% until such time that the following outcomes are achieved:

- The Town has eliminated the use of non-sustainable funding sources (such as the Tax Rate Stabilization Reserve) for on-going operating costs
- Further progress towards reducing the annual infrastructure deficit has been achieved, and other annual funding deficits (such as development charge exemptions and property tax write-offs) have been eliminated
- The Town's property tax rate falls within the range of the comparator municipal group, while remaining lower than the average of those peer municipalities.

Included as Appendix D is a scorecard being used to track the progress that the Town is making relative to the three measurable criteria identified in staff report ES-016-24. It shows that in the first year of implementing the strategy, the Town reduced the various funding deficits by 2% to 20%, that the reliance on stabilization reserve was reduced by 10%, and that the Town did not reduce the difference in property taxes relative to comparator municipalities.

### Recommendations

In consideration of the forecasted operating pressures in 2026, it is recommended that the Mayor be requested to consider preparing the 2026 budget presented with a local residential property tax increase of 7.94%. At this level some progress may occur towards the elimination of non-sustainable funding sources as well as the annual funding deficits. Strategic investments may also be possible in the transit and fire services, although at a slower pace than was originally forecasted in their respective master plans (with consideration to changes in the pace of growth within the Town, as well as the Town's funding pressures). This recommendation is expected to result in an overall blended tax increase of 5.20% assuming a tax rate increase of 4.64% for the Region, based on Regional Council's 2026 Budget Direction, and 0% for the School Boards.

Should Council want to reduce the tax impact further, options that could be considered include the elimination of the remaining incremental infrastructure deficit funding of \$750,000 from within the 2026 budget and the amount of funding from the Tax Rate Stabilization budget used to support the 2026 budget could be increased to a full \$1.5 million, consistent with the 2025 Budget. These steps would result in a local tax rate pressure of 7.16% and an estimated blended tax rate increase of 4.86% including the Region and School Boards. Neither of these options have been recommended by staff as it would mean that no progress

would be made in the 2026 operating budget towards the targets established in the Multi Year Financial Strategy.

As a part of the budget process annually, staff look to identify opportunities to manage the tax rate pressure, including but not limited to the following potential strategies:

- defer service enhancements and new capital projects;
- review other revenue sources;
- reduce or modify existing service levels or delivery methods;
- consider alternative financing strategies (example - utilization of reserves).

Several of these methods have already been reflected in the forecasted budget pressures noted above, and these methods will continue to be considered as the detailed 2026 Budget is developed.

#### Timetable and Process

Staff across the organization are preparing detailed estimates for the capital and operating budgets and forecasts. Budget information is scheduled to be available for Council and the public in November. In accordance with the approved Council meeting calendar for 2026, a Council workshop on the budget is scheduled for November 24. Public delegations and Council deliberations on the budget will occur on December 1 (and December 2 if necessary). A summary timetable with important budget deadlines is included as Appendix E to this report.



# The Corporation of the Town of Milton

## Financial Impact

Current estimates suggest that the cost to maintain existing service levels and make incremental progress on the existing deficits would result in a tax pressure of 7.94% on the Town portion of property taxes.

As the budget is developed, detailed program and service estimates will be refined as information becomes available and further analysis is undertaken. Opportunities to manage the timing of the pressure on the tax levy will also be identified.

As shown in the table below, the recommendations contained in this report would potentially increase the total property tax bill by 5.20% or \$42.94 per \$100,000 of assessment.

### Potential Pressure on the Total Tax Bill per \$100,000 of Residential Assessment\*

	Share of Tax Bill	2025 Taxes	2026 Increase	2026 Taxes	\$ Impact on Total Tax Bill	% Impact on Total Tax Bill
Milton Services	36.28%	\$ 294.92	6.90%	\$ 315.28	\$20.36	2.46%
Fire Services	7.77%	\$ 59.75	13.06%	\$ 67.55	\$7.80	0.94%
<b>Total Milton</b>	<b>44.06%</b>	<b>\$ 354.68</b>	<b>7.94%</b>	<b>\$ 382.84</b>	<b>\$28.16</b>	<b>3.41%</b>
Regional Services	22.59%	\$ 187.59	3.49%	\$ 194.14	\$6.55	0.79%
Police Services	15.74%	\$ 130.73	6.31%	\$ 138.98	\$8.25	1.00%
<b>Total Region of Halton**</b>	<b>38.33%</b>	<b>\$ 318.32</b>	<b>4.64%</b>	<b>\$ 333.11</b>	<b>\$14.79</b>	<b>1.79%</b>
Education***	17.61%	\$ 153.00	0.00%	\$ 153.00	\$0.00	0.00%
<b>Total</b>	<b>100.00%</b>	<b>\$ 826.00</b>	<b>5.20%</b>	<b>\$ 868.95</b>	<b>\$ 42.94</b>	<b>5.20%</b>

\* Cost per \$100,000 of residential assessment are derived using the assessment values & tax rates from the 2025 tax by-law (ES-017-25). These values will be re-stated following budget approval using the finalized 2024 assessment figures from the returned assessment roll.

\*\* Per Region of Halton 2026 Budget Directions approved by Council through resolution FN-17-25 (includes enhanced waste service for urban area).

\*\*\* Consistent with recent experience, the 2026 education rate is presented in alignment with the prescribed rate currently outlined in O.Reg 400/98 and is subject to change through the approval of final 2026 rates by the Province.

Milton’s tax rates and affordability are currently amongst the lowest in the GTA and province and well below the Town’s neighbouring municipalities.

Respectfully submitted,

Glen Cowan  
Chief Financial Officer / Treasurer



For questions, please contact:

Jennifer Kloet, Manager,  
Financial Planning & Policy

Phone: 905 878 7252  
ext 2216

### Attachments

- Appendix A - 2022 Citizen Engagement Survey Results
- Appendix B - Public Input Results
- Appendix C - 2026 and 2027 Operating Budget Pressure Details
- Appendix D - Multi-Year Financial Strategy and Key Indicators
- Appendix E - 2026 Budget Timetable

Approved by CAO  
Andrew M. Siltala  
Chief Administrative Officer

### Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.