



TOWNSHIP OF
Adelaide
Metcalfe

2026 DRAFT BUDGET

Johnny Pereira, CPA, CGA
Treasurer

Presentation to Council | December 8, 2025

Agenda

- ▶ 2026 Budget Development
- ▶ Funding
 - Property Taxes
 - Assessment
 - Reserves
- ▶ The Big Picture
- ▶ Budget Details
 - 2026 Capital Budget Highlights
 - 2026 Operating Budget Highlights
 - 2026 Reserves & Investments



What is a Budget?

The budget is a key planning document in achieving the Township's strategic priorities.



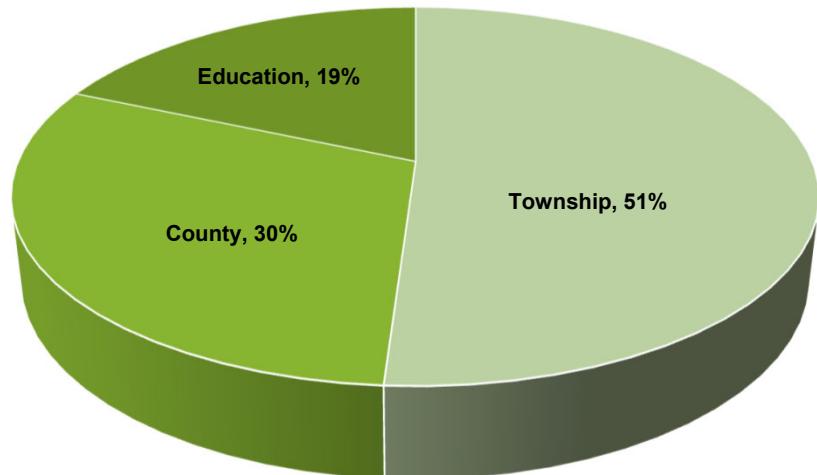
Our Challenge

- ▶ Meet the needs of as many of our “customers” as possible in a fiscally responsible way.
- ▶ Complicated by:
 - The needs and wants of our residents vary from person to person
 - Misperceptions about which services are under the control of the local government

Role of Adelaide Metcalfe

- ▶ Determine revenue requirements for the Township through budgeting
- ▶ Set municipal tax rates
- ▶ Collect property taxes for:
 - Township of Adelaide Metcalfe
 - County of Middlesex
 - School boards

Distribution of Property Taxes Collected by Adelaide Metcalfe, 2025



Budget Development - Working Group

▶ Purpose

- Deeper understanding of the development process and methodology
- Comprehensive discussions
- Provide insights and perspectives
- Increased accountability and transparency

▶ Comprised of management and 2 appointed Councillors

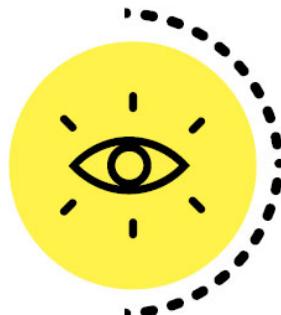
◦ Mike Brodie, Councillor	◦ Mike Barnier, Clerk & Manager of Legislative Services
◦ Andrew Campbell, Councillor	◦ Coulter Cahill, Public Works Manager
◦ Morgan Calvert, CAO	◦ Dan Parker, Fire Chief
◦ Johnny Pereira, Treasurer	◦ Jessica Buttery, Financial Analyst

Budget Development

1

JULY

- Staff to start gathering information for operating and capital budgets
- The budget survey is built



2

AUGUST

- Budget Survey posted to the Township website and advertised in the final tax bill newsletter
- Departments begin working on their capital and operating budgets
- First department budget meeting



3

SEPTEMBER/
OCTOBER

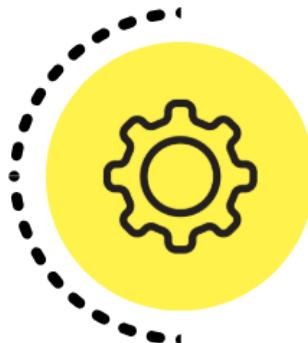
- Budget survey completed and evaluated by staff and presented to Council
- Survey feedback incorporated into department budgets
- Departments continue to prepare budgets, and meetings continue



Budget Development

4 NOVEMBER

- Draft budget prepared and presented to the working group
- Budget working group to make recommendation to Council
- Final assessments to be received from MPAC



5 DECEMBER

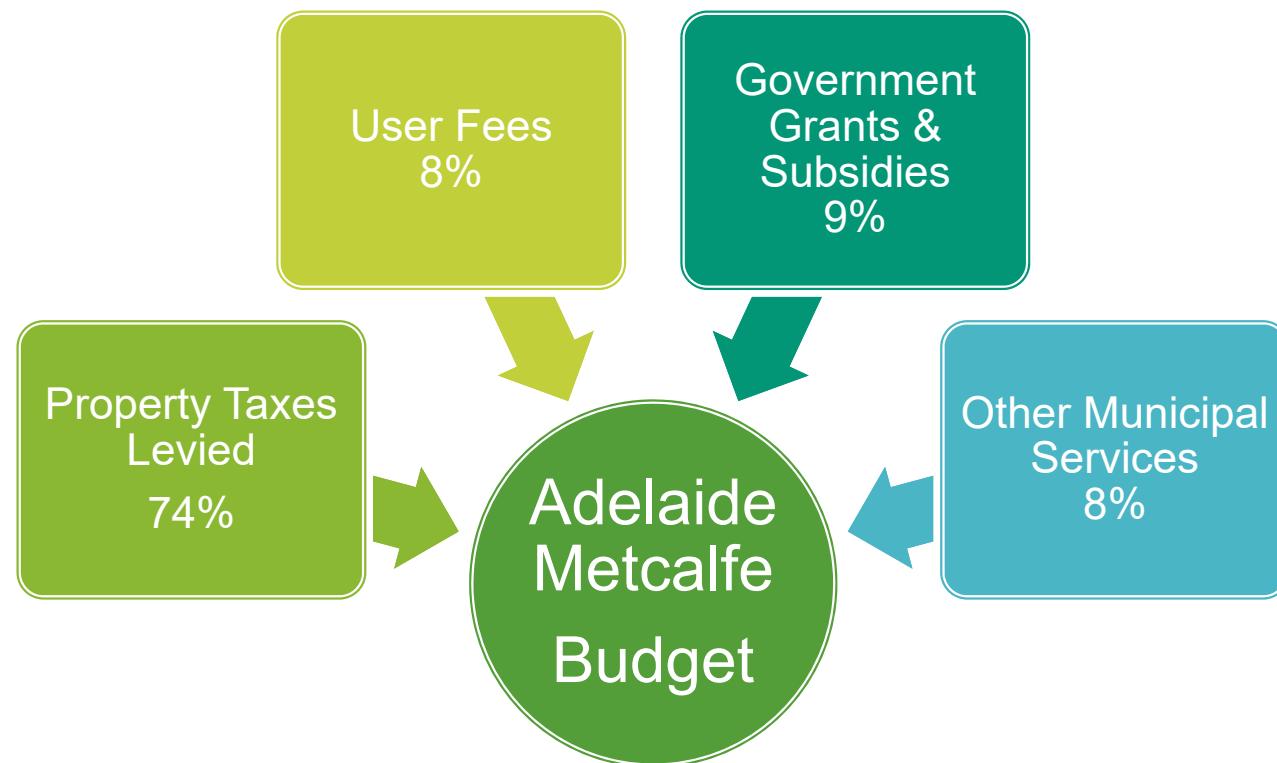
- Detailed budget package prepared for Council
- Optional one-on-one Council and treasurer meetings scheduled to review the budget package
- Draft operating and capital budget presentation to Council
- Departments address Council and community questions and comments
- Final budget and related by-laws presented to Council for approval



Budget Funding - Revenue

- ▶ Municipalities use a variety of revenue sources to pay for a wide range of services that residents and businesses depend on and use regularly, including:
 - Property tax
 - Grants from Federal and Provincial Governments
 - Water/Wastewater User Fees
 - General User Fees - Revenue from services such as recreation, planning applications, building permits, etc.
 - Transfers from reserve and reserve funds
 - Other miscellaneous revenues

Sources of Revenue



Property Tax Calculation



Assessment

- ▶ Property assessment is the basis upon which municipalities raise taxes. A strong assessment base is critical to a municipality's ability to generate revenues.
- ▶ MPAC has delivered the final 2026 assessment



MUNICIPAL PROPERTY ASSESSMENT CORPORATION



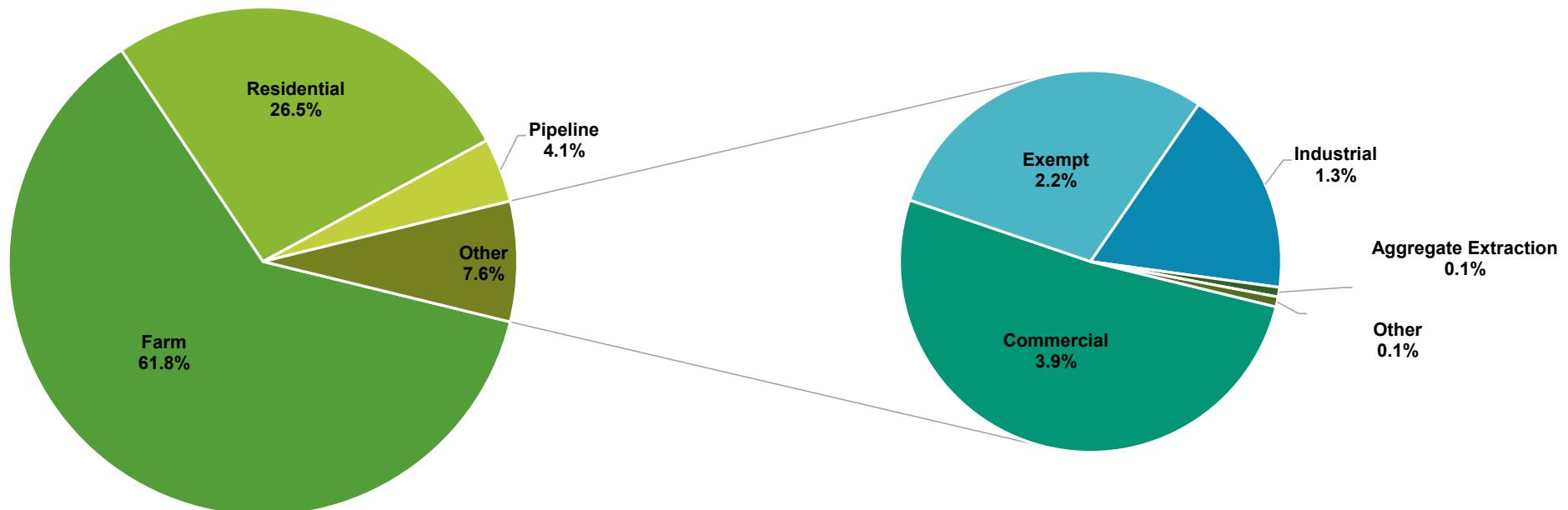
Assessment Breakdown

2026 Assessment Change

Property Type	2026	2025	Y/Y Change	% Change
Farm	760,626,000	769,479,800	(8,853,800)	-1.15%
Residential	325,956,500	308,601,100	17,355,400	5.62%
Pipeline	50,245,000	50,209,000	36,000	0.07%
Commercial	48,328,900	48,666,600	(337,700)	-0.69%
Exempt	27,630,600	27,692,600	(62,000)	-0.22%
Industrial	16,527,600	16,527,600	-	0.00%
Aggregate Extraction	760,900	760,900	-	0.00%
Other	791,100	791,400	(300)	-0.04%
<i>Total Assessment</i>	<i>1,230,866,600</i>	<i>1,222,729,000</i>	<i>8,137,600</i>	<i>0.67%</i>

Assessment Breakdown

2026 Assessment



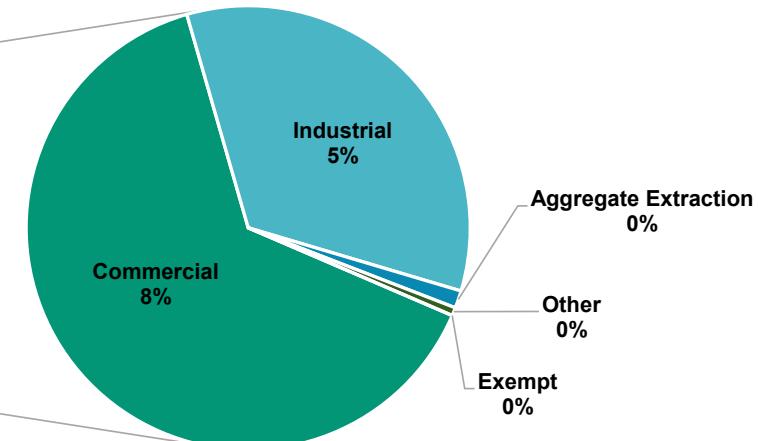
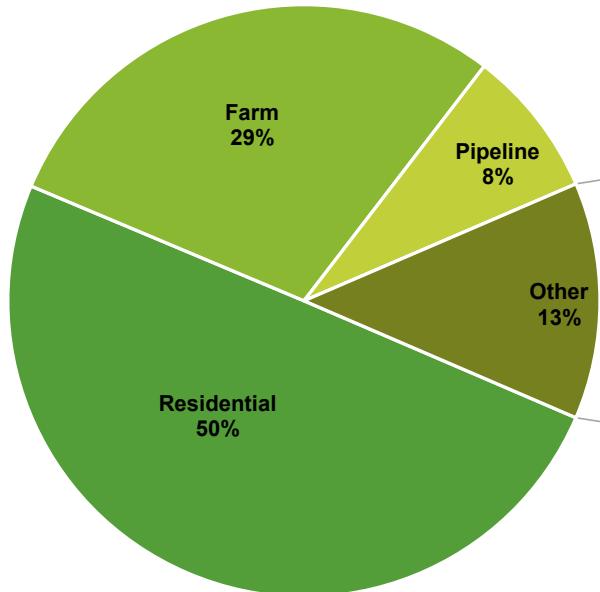
Revenue by Assessment Type

2026 Projected Revenue & Total Assessment
by Property Type

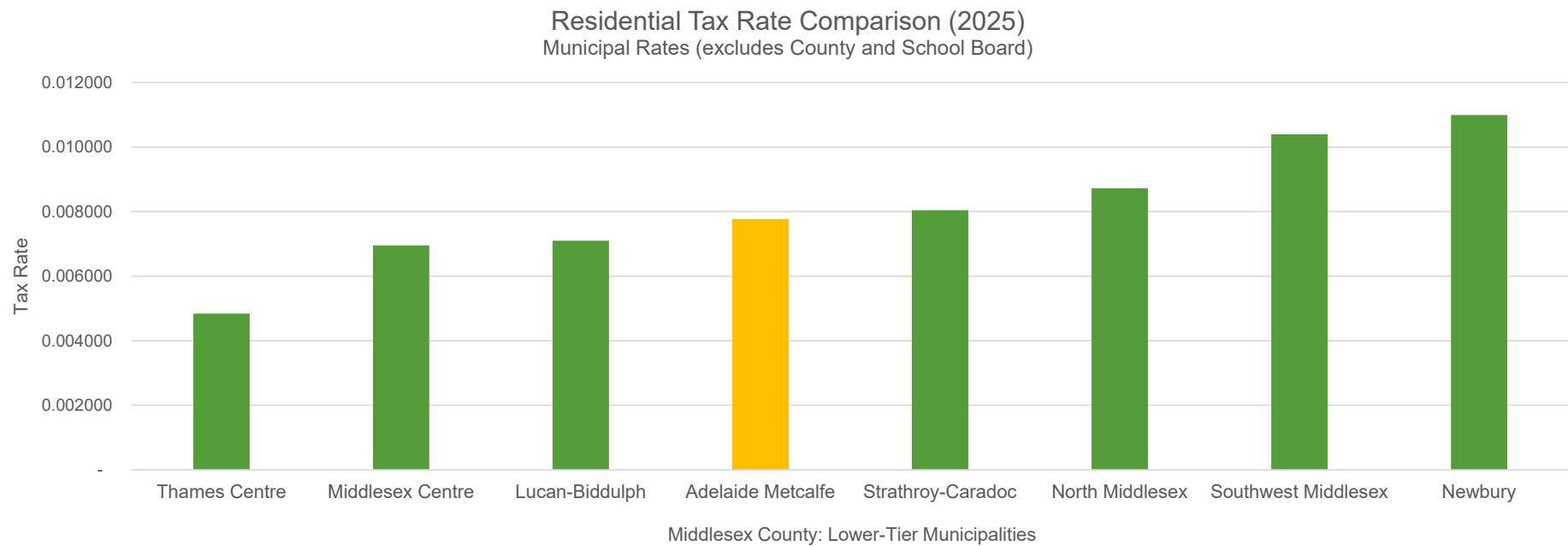
Property Type	Revenue	%	Total Assessment	%
Residential	2,654,296	49.9%	325,956,500	26.5%
Farm	1,548,467	29.1%	760,626,000	61.8%
Pipeline	431,858	8.1%	50,245,000	4.1%
Commercial	440,859	8.3%	48,328,900	3.9%
Industrial	234,231	4.4%	16,527,600	1.3%
Aggregate Extraction	8,798	0.2%	760,900	0.1%
Other	4,109	0.1%	791,100	0.1%
Exempt	-	0.0%	27,630,600	2.2%
Total	\$ 5,322,618	100%	1,230,866,600	100%

Who is paying?

2026 Projected Revenue, by Assessment Type



How do we compare?



Reserve & Reserve Funds

Reserve and reserve funds are critical...

▶ **Why are they critical?**

- To pay bills (liquidity)
- To cover liabilities and emergencies
- For effective asset management (ensure funds are available to renew or replace assets while “charging” the appropriate taxpayer)

▶ **What happens without Reserve and Reserve Funds?**

- Costs will increase (debt service costs, short-term borrowing costs, larger contingency budgets)
- Reduction of capital works
- Loss of flexibility to take advantage of opportunities
- Could have liquidity problems

Operating vs. Capital Budgets



Both provide for Township programs & services



Types of expenditures & sources of financing differ



Operating Budget provides for the *annual* cost to deliver services & *Maintain* capital assets



Capital provides for investments in infrastructure that provide long-term benefits

- Projects can span multiple years
- New infrastructure
- Renewal & refurbishment



Considerations in Developing the Budget

- ▶ Enhancing transparency, accountability and incorporating public feedback
- ▶ Managing competing priorities
- ▶ Delivery of a fiscally responsible budget
- ▶ Ramifications of the continued delay in the property tax reassessment
- ▶ Aging infrastructure and closing the infrastructure gap
- ▶ Inflationary pressures
- ▶ Capital and operating carryforward project costs
- ▶ Commercial corridor policy realignment



The Big Picture

- ▶ 5.08% Tax Rate Increase
- ▶ 7.51% Tax Levy Increase
- ▶ \$7,471,094 in Operating Costs
- ▶ \$2,356,526 in Capital Projects
- ▶ \$9,827,620 Total Municipal Budget



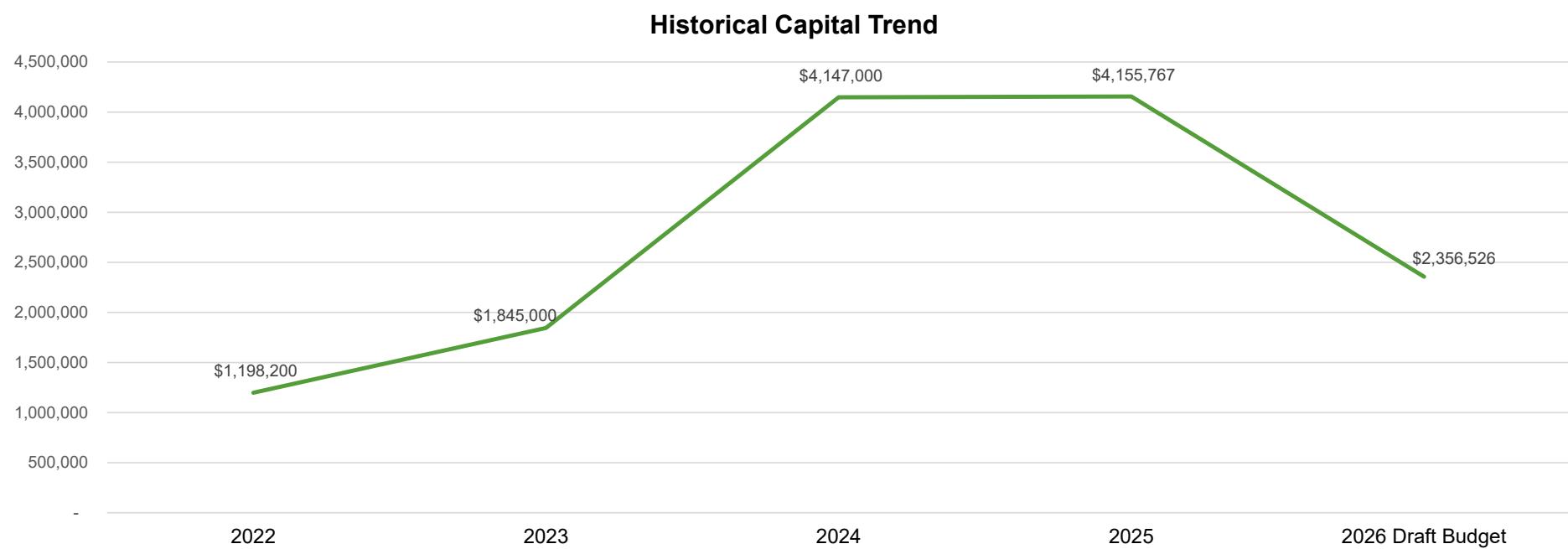
2026 CAPITAL BUDGET HIGHLIGHTS

10-Year Capital Plan

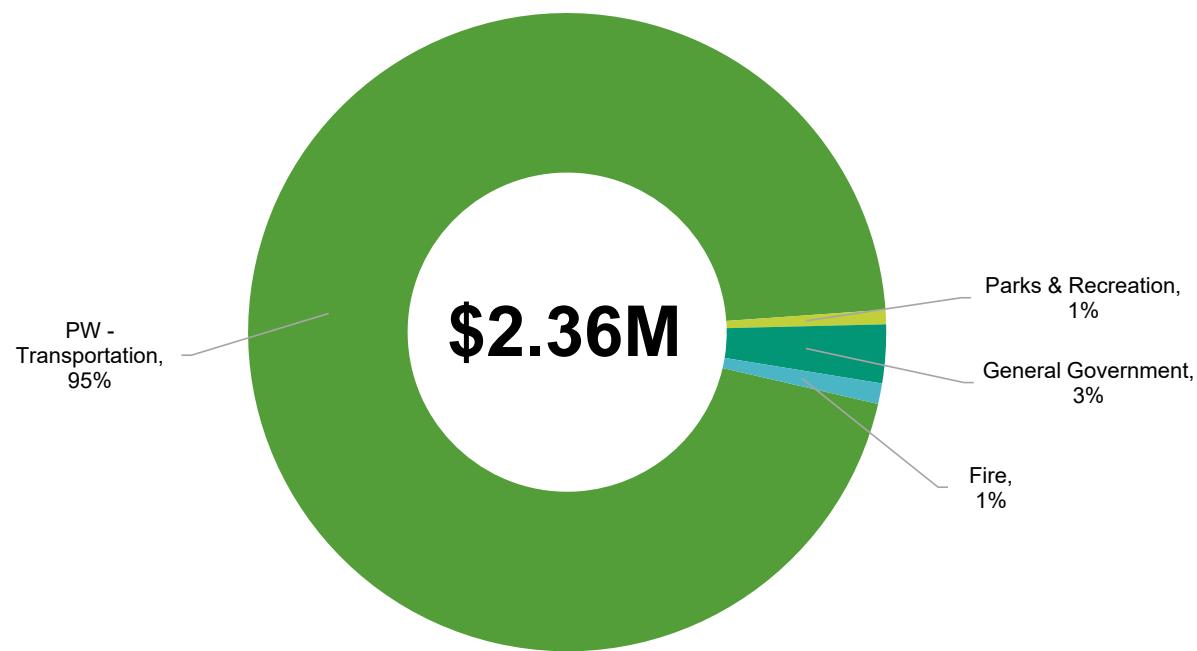
Expenditure Detail	Total Budget		Capital Forecast										Total 10 Year Forecast
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035			
PW - Transportation	\$ 2,245,147	\$ 1,583,800	\$ 1,844,580	\$ 1,990,510	\$ 1,359,300	\$ 1,176,896	\$ 2,391,246	\$ 1,436,660	\$ 2,158,928	\$ 2,320,763	\$ 18,507,829		
PW - Environmental Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks & Recreation	\$ 16,980	\$ -	\$ 12,720	\$ -	\$ 22,000	\$ -	\$ 15,960	\$ -	\$ 265,500	\$ -	\$ -	\$ 333,160	
General Government	\$ 70,000	\$ 89,564	\$ 350,000	\$ -	\$ 320,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,564	
Fire	\$ 24,400	\$ 92,896	\$ 1,120,002	\$ 10,044	\$ -	\$ 5,000	\$ 14,136	\$ 15,392	\$ 20,000	\$ 18,600	\$ 1,320,470		
Total Capital Expenditures	\$ 2,356,527	\$ 1,766,260	\$ 3,327,302	\$ 2,000,554	\$ 1,701,300	\$ 1,181,896	\$ 2,421,342	\$ 1,452,052	\$ 2,444,428	\$ 2,339,363	\$ 20,991,023		



Historical Capital Trend



Capital Projects by Department



Departmental Highlights – Public Works

- ▶ \$380,000 Mullifarry Drive Topcoat to Finish Project (2025 Carryforward)
 - Seed Rd to Kerwood Rd – 3.6km
 - Multi-year Project (2023-2026)
 - Pike Rd to Kerwood Rd – 7.3km
 - Upgrade to HCB from LCB
- ▶ \$168,000 Resurface (LCB) - Wood Road - (Egremont Drive to Wardell Drive. 4.8km)
 - LCB Resurface
 - 50% cost sharing with Middlesex Centre
- ▶ \$133,000 Resurface (LCB) - Winter Drive (Kerwood Road to Sexton Road) 3.8km
 - LCB Resurface



Departmental Highlights – Public Works

- ▶ \$287,313 Resurfacing Buttery Creek Subdivision
 - 2025 Carryforward project
 - \$86,971 Hoefnagels Cres (Buttery Court to Dolphin Road) – 650m
 - \$127,671 Dolphin Rd (Hickory Dr to Dead end) – 730m
 - \$72,671 Buttery Crt (Hoefnagels Cres to Dead end) – 300m
- ▶ \$255,500 Resurface (LCB) - Walkers Drive (Thames Road to Dundonald Road) 7.3km
- ▶ \$40,000 Resurface to HCB (Upgrade) - Mullifarry Drive (Kerwood Road to Sexton Road)
 - Engineering work, construction forecasted for 2027



Departmental Highlights – Public Works

- ▶ \$151,000 Bridge Rehabilitation - Katesville Drive (Bridge No. 4)
 - 2025 Carryforward project
 - Beam and concrete repairs, as outlined in the OSIM report
- ▶ \$405,514 Replace 2010 Tandem Snowplow (Unit#3)
 - 2025 carryforward
 - Pre-budget approval granted on August 12, 2024
 - Delivery expected early in 2026
 - Originally expected late 2025
- ▶ \$424,320 Replace 2009 Mack Tandem Snowplow (Unit#2)
 - Pre-budget approval granted on July 21, 2025
 - Delivery expected late in 2026 or early 2027



Departmental Highlights – Public Works

Capital Financing



Departmental Highlights – Parks & Recreation

Kerwood Park

- ▶ \$16,980 Pavilion Washroom Upgrade
 - Add one W/C to washroom #101 and move urinal to 102



Departmental Highlights – Parks & Recreation

Capital Financing

Expenditure Detail	Total Budget			Financing	
	2025 Carryforward	2026 Projects	2026	Reserves	Tax Levy
Parks & Recreation					
KERWOOD PARK					
Pavillion Washroom Upgrade: Add one W/C to washroom #101 and move urinal to 102			16,980	16,980	
Parks & Recreation (Total)	\$ -	\$ 16,980	\$ 16,980	\$ -	\$ 16,980



Departmental Highlights – General Government

- ▶ \$50,000 Resurface Municipal Office Parking Lot
 - Project completed in-house
- ▶ \$20,000 Accessibility Improvements to Council Chambers - New Parking Lot
 - Project completed in-house
 - Cost savings in doing both projects together



Departmental Highlights – General Government

Expenditure Detail	Total Budget			Financing	
	2025 Carryforward	2026 Projects	2026	Reserves	Tax Levy
General Government					
Resurface Municipal Office Parking Lot	-	50,000	50,000	50,000	-
Accessibility Improvements to Council Chambers - New Parking Lot		20,000	20,000	-	20,000
General Government (Total)	\$ -	\$ 70,000	\$ 70,000	\$ 50,000	\$ 20,000



Departmental Highlights - Fire

- ▶ \$6,200 – Replace Turnout Gear
 - 2 Sets
- ▶ \$6,000 Replace Fire House
 - Various sizes
- ▶ \$6,200 – New Program: Add Second Set of Gear
 - 2 Sets
 - Forecasted to purchase over the next few years to spread out the cost
 - Looking for grant opportunities
- ▶ \$6,000 – Engine 2 Deck Gun (New Asset)



Departmental Highlights – Fire Capital Financing

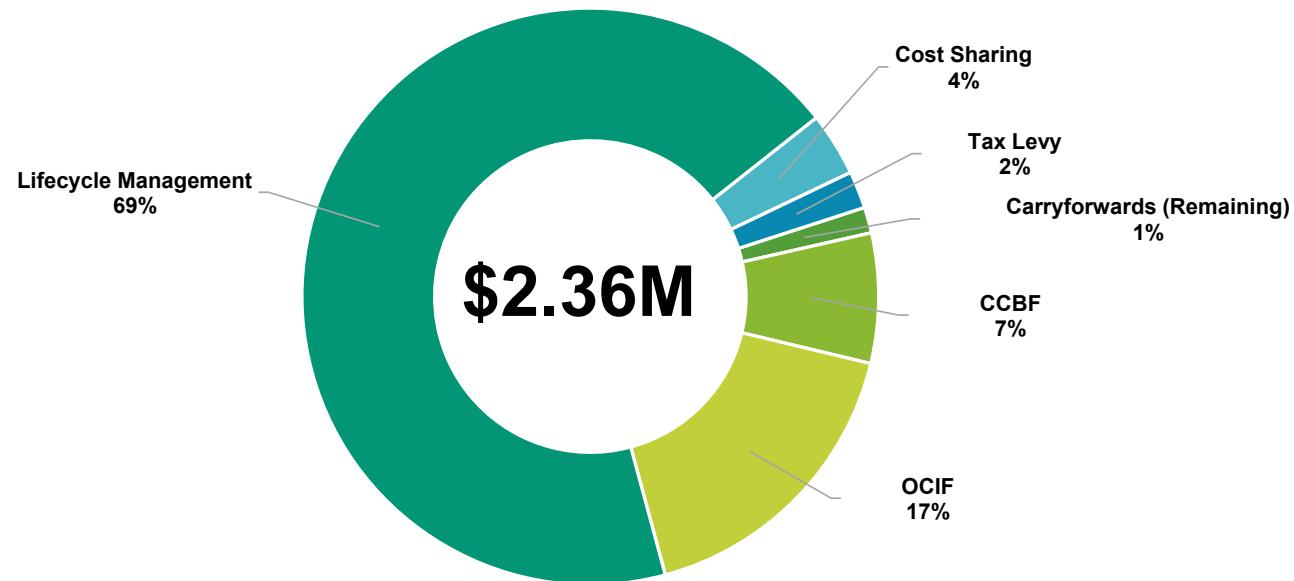
Expenditure Detail	Total Budget			Financing	
	2025 Carryforward	2026 Projects	2026	Reserves	Tax Levy
	Lifecycle Management Reserve Fund	Total Reserves			
Fire					
Turnout Gear - 2 Sets	-	6,200	6,200	6,200	-
Turnout Gear - 2nd Set - 2 Sets - New Asset	-	6,200	6,200	-	6,200
Replace Fire Hose (4inch Storz & Various Sizes)	-	6,000	6,000	6,000	-
Top Monitor for Engine 2 Deck Gun - New Asset	-	6,000	6,000	-	6,000
Fire (Total)	\$ -	\$ 24,400	\$ 24,400	\$ 12,200	\$ 12,200

Capital Financing Summary

Expenditure Detail	Total Budget			Financing						Tax Levy
	2025 Carryforward	2026 Projects	2026	Reserves					Total Reserves	
PW - Transportation	\$ 1,224,327	\$ 1,020,820	\$ 2,245,147	\$ 34,092	\$ 171,671	\$ 402,642	\$ 1,552,742	\$ 2,161,147	\$ 84,000	\$ -
PW - Environmental Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks & Recreation	\$ -	\$ 16,980	\$ 16,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,980
General Government	\$ -	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 20,000
Fire	\$ -	\$ 24,400	\$ 24,400	\$ -	\$ -	\$ -	\$ 12,200	\$ 12,200	\$ -	\$ 12,200
Total Capital Expenditures	\$ 1,224,327	\$ 1,132,200	\$ 2,356,526	\$ 34,092	\$ 171,671	\$ 402,642	\$ 1,614,942	\$ 2,223,347	\$ 84,000	\$ 49,180



Capital Financing Summary



2026 OPERATING BUDGET HIGHLIGHTS

Operating Budget Framework

Step 1 - Base

- Costs required to maintain existing service levels (salaries, benefits, inflation, utilities & contracted services), less reductions for efficiencies and other savings

Step 2 - Mandatory/Legislative

- Non-discretionary costs imposed by others

Step 3 - Annualization

- Additional costs of prior year commitments for full-year implementation

Step 4 - Growth

- Costs required to maintain existing levels of service for the Township's increased population

Step 5 - Enhancements

- New services or enhanced service levels



Operating Highlights - Impacts

- ▶ No property assessment phase-in growth
 - Still based on 2016 valuations
- ▶ OMPF (Ontario Municipal Partnership Fund) increase of 8.7%
- ▶ OCIF (Ontario Community Infrastructure Fund) increase of 10%
- ▶ Cost of living increase for compensation programs of 2%
- ▶ Policing Costs: OPP, a significant increase of 11% (\$50,224)
- ▶ Conservation authorities increase of 2.78%
- ▶ Insurance increase of 3%
- ▶ Automated garbage pickup and disposal increase of 2.0%
- ▶ Ontario CPI (Consumer Price Index Q3 to Q3) 2.0%



Operating Highlights - Impacts

- ▶ Staff compensation market alignment
 - Implemented on Jan 1, 2025
 - 2026 is the first full year of step increases for those eligible, based on performance
- ▶ Potential Ontario Land Tribunal Hearing - site plan application
- ▶ Centre Rd servicing agreement
 - Interim agreement complete
 - Working alongside Strathroy-Caradoc to reach a final agreement



Operating Budget Summary

Department	2026 Budget			2025 Budget			Y/Y Change	
	Revenue	Expenditures	Taxes	Revenue	Expenditures	Taxes	Taxes	% Change
General Government								
Administration	588,958	1,663,356	1,074,398	804,269	1,737,820	933,551	140,847	15.09%
Tax Revenue & Reserve Transfers	460,672	1,362,702	902,030	478,957	1,280,303	801,345	100,685	12.56%
Economic Development	60,000	247,500	187,500	10,000	144,177	134,177	53,323	39.74%
Livestock	-	-	-	-	-	-	-	0.00%
Council	8,322	141,422	133,100	-	121,493	121,493	11,607	9.55%
Total General Government	1,117,952	3,414,980	2,297,028	1,293,226	3,283,793	1,990,567	306,461	15.40%
Protection to Persons & Property								
Fire								
Fire Dept Operations	34,717	223,681	188,964	25,000	203,338	178,338	10,625	5.96%
Fire Dept Admin	1,500	133,495	131,995	1,500	129,108	127,608	4,387	3.44%
Fire Dept Fleet	6,000	48,169	42,169	-	40,512	40,512	1,657	4.09%
Total Fire	42,217	405,345	363,128	26,500	372,958	346,458	16,670	4.81%
Other								
Policing	2,000	508,406	506,406	78,682	535,669	456,987	49,419	10.81%
Emergency Operations	-	1,800	1,800	-	2,000	2,000	(200)	-10.00%
Conservation Authorities	-	68,714	68,714	-	66,858	66,858	1,856	2.78%
Building Services	125,730	125,730	-	115,860	115,860	-	-	0.00%
By-law Enforcement	25,000	37,500	12,500	-	37,500	37,500	(25,000)	-66.67%
Animal Control	10,243	17,683	7,441	11,430	17,423	5,993	1,448	24.16%
Total Other	162,973	759,833	596,861	205,972	775,310	569,338	27,523	4.83%
Total Protection to Persons & Property	205,190	1,165,178	959,989	232,472	1,148,268	915,796	44,192	4.83%



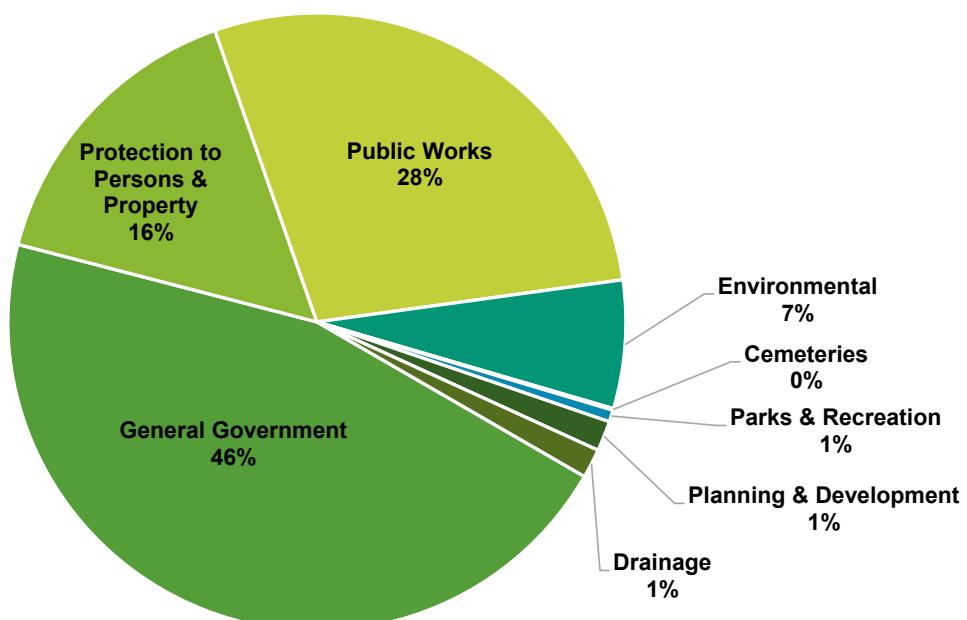
Operating Budget Summary

Department	2026 Budget			2025 Budget			Y/Y Change	
	Revenue	Expenditures	Taxes	Revenue	Expenditures	Taxes	Taxes	% Change
Public Works								
Transportation Operations	116,300	1,587,635	1,471,335	170,500	1,563,621	1,393,121	78,215	5.61%
Transportation Fleet	20,000	239,323	219,323	15,500	227,462	211,962	7,361	3.47%
Waste Management	172,597	278,463	105,866	195,314	300,060	104,747	1,120	1.07%
Total Public Works	308,897	2,105,421	1,796,524	381,314	2,091,143	1,709,829	86,695	5.07%
Environmental								
Water & Wastewater Systems	359,452	500,891	141,439	381,745	556,475	174,730	(33,291)	-19.05%
Total Environmental	359,452	500,891	141,439	381,745	556,475	174,730	(33,291)	-19.05%
Cemeteries								
Cemeteries	3,080	6,830	3,751	3,062	8,623	5,561	(1,811)	-32.56%
Total Cemeteries	3,080	6,830	3,751	3,062	8,623	5,561	(1,811)	-32.56%
Parks & Recreation								
Kerwood Park	3,450	36,084	32,634	6,900	43,155	36,255	(3,621)	-9.99%
Trees	10,180	10,180	-	6,000	6,000	-	-	0.00%
Total Parks & Recreation	13,630	46,264	32,634	12,900	49,155	36,255	(3,621)	-9.99%
Planning & Development								
123,100	118,200	(4,900)		111,150	158,200	47,050	(51,950)	-110.41%
Drainage								
Drainage Superintendent	31,116	78,089	46,974	40,963	81,927	40,963	6,010	14.67%
Drainage Debenture Payments	35,241	35,241	-	35,334	35,334	0	(0)	-100.00%
Total Drainage	66,357	113,331	46,974	76,297	117,261	40,963	6,010	14.67%
Total	2,197,656	7,471,094	5,273,438	2,492,165	7,412,918	4,920,752	352,685	7.17%



Operating Budget by Department

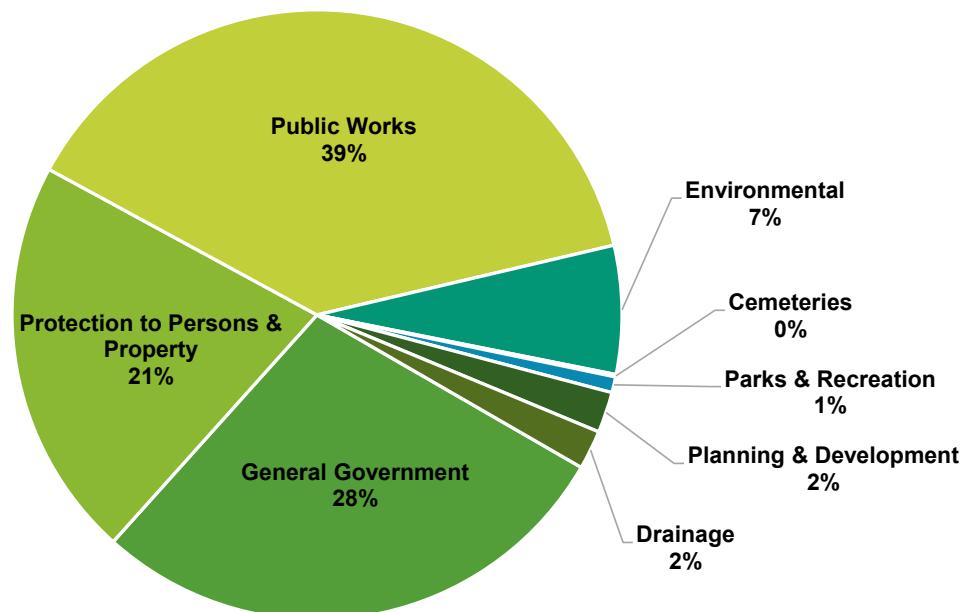
2026 Operating Budget - By Department



* General government includes approx. \$1.9M of asset management reserve transfers

Operating Budget by Department

2026 Operating Budget - By Department (Excluding Reserves)



* Excludes reserve transfers related to asset management

Operating Highlights

Personnel Changes

- ▶ Labour budget model used
- ▶ Cost of living increase of 2.0% to all compensation programs
- ▶ Benefits (health and dental) plan estimated average increase of 5%
- ▶ Staff compensation program received a 2024 market alignment
 - Implemented Jan 1, 2025
 - 13 positions are eligible for step increase, based on performance
- ▶ Public Works overtime budgeted at 7.5%
- ▶ WSIB rate increased to 3.15% from 3.09%
- ▶ Temporary additional administrative capacity included in 2026



Departmental Highlights

General Government - Administration

- ▶ Increase in net operating costs by 15.09% or \$140,847
- ▶ 6 FT employees in the department
- ▶ Temporary additional administrative capacity included in 2026
- ▶ Cost of living applied at 2%
- ▶ Decreased general bank interest: \$15,000
- ▶ Decreased reserve funds bank interest and investment income: \$53,840
 - Transferred to reserve funds, no impact on the department
- ▶ Increase in IT by \$21,273
 - Number of equipment being replaced (server, network switch, laptops, etc.)



Departmental Highlights

General Government - Administration

- ▶ Keystone ERP end-of-life reserve contribution: \$35,000
 - Property tax and financial system
 - \$10,000 increase over 2025
- ▶ Grant revenue
 - OCIF funding increase of \$16,251
 - Transferred to reserve funds, no impact on the department



Departmental Highlights

General Government - Administration

- ▶ Financial budget software
 - 2025 Carryforward project
 - Current budget model is Excel-based which is inefficient and prone to errors
 - Significant operating efficiencies to be realized
 - Software to provide the following:
 - Operating, capital, budget book studio, open book (public facing portal) and additional reporting tools
 - Provides the Township with the ability to develop multi-year budgets with allocation and automation tools
 - Most municipalities in Middlesex County have already implemented this system
 - Financial impacts:
 - Implementation fee: \$14,500 (100% funded through modernization reserve funds)
 - Annual subscription: \$24,500 (100% funded through modernization reserve funds in 2026 only)
 - 2027 would be impacted by the annual subscription fee

Departmental Highlights

General Government - Administration

- ▶ Accounts payable workflow project
 - Digitizing the A/P process
 - Testing occurred in 2025, planning to launch by Q2
- ▶ Commercial corridor policy realignment
- ▶ Continue with the planning policy review and update
- ▶ Continue with the corporate policy manual update
- ▶ Remaining drain billing to be issued in August 2026
- ▶ Farm tax to residential proactive communication strategy
- ▶ Ongoing review of operational accounts for savings
 - Significant savings switching to fibre for internet and phone at the Municipal Office



Departmental Highlights

General Government – Tax Revenue & Reserve Transfers

- ▶ Increase in net operating costs by 2.43% or \$100,691
- ▶ Decrease in Tax Incentive Approvals: \$20,000
 - RT to FT phantom assessment
 - MPAC changed the process to minimize this issue
- ▶ Increase to supplementary taxes, based on 5-year average: \$10,000
- ▶ OMPF grant revenue increased: \$26,700
- ▶ Removal of one-time reserve transfer from 2025: \$75,000
- ▶ Net increase to reserve transfers: \$82,400
 - Lifecycle management reserve funds
 - Based on the asset management plan, 15-year capital plan and financing strategy
 - Total transfer: \$1,362,702 (increase over 2025: \$92,117)



Departmental Highlights

General Government – Economic Development

- ▶ Increase in net operating costs by 39.74% or \$53,323
- ▶ Continuation with the Community Improvement Plan: \$10,000
 - Funded through unused 2025 CIP allocation
- ▶ Industrial lands feasibility study: \$10,000 (2025 Carryforward)
 - Total cost: \$131,677
 - Developing a comprehensive roadmap for infrastructure and industrial land development
 - Which includes:
 - Market study: To outline types of industrial uses that could be brought to the area and understand market attractiveness
 - Technical study: To understand available utilities in the area
 - Roadmap of future investment activities: To outline next steps and municipal infrastructure planning and design

Departmental Highlights

General Government – Economic Development

- ▶ Municipal services corporation: \$25,000
 - Economic development: Industrial lands
 - Water and wastewater public utility provision
 - Allows for greater debt capacity for infrastructure projects
- ▶ Secondary Plan and Official Plan Amendment: \$150,000
 - Secondary Plan
 - Official Plan Amendment



Departmental Highlights

General Government – Economic Development

- ▶ Additional consulting services to support projects: \$50,000
- ▶ \$50,000 reserves reallocated to offset growth projects (recommendation from working group)
 - Originally raised for OCWA to manage the Centre Rd water/wastewater system
 - Interim agreement in place with Strathroy-Caradoc

Departmental Highlights

General Government - Council

- ▶ Increase in net operating costs by 9.55% or \$11,607
- ▶ Cost of living applied at 2%
- ▶ Council grant program of \$6,900
 - Includes in-kind and monetary grants
- ▶ Election year
 - Election costs of \$8,332 (fully funded by reserves)
 - Increased training of \$3,200
 - New iPads for the new council term: \$4,000
- ▶ Includes various conferences
 - Consistent to 2025 budget

Departmental Highlights

General Government - Council

- ▶ Council compensation review: \$5,000
 - Typically completed before the new term of council
- ▶ Legal fees included in 2026: \$2,000
 - Contingency for integrity commissioner expenses
 - 2025 incurred \$18,660



Departmental Highlights

Planning

- ▶ Decrease in net operating costs by 110.41% or \$51,950
- ▶ Planner provided by Middlesex County
- ▶ Planning fee revenue consistent to 2025
- ▶ Disposition of surplus lands
 - Sale of land and cost recovery on incurred expenses
 - Net proceeds transferred to reserves
- ▶ Potential Ontario Land Tribunal hearing: \$20,000
 - Legal reserve to fully offset
- ▶ Official plan review and update
 - Completed by the County and included in the County levy



Departmental Highlights

Planning

- ▶ Comprehensive zoning by-law update
 - Completed by the County and included in the County levy



Departmental Highlights

Cemeteries

- ▶ Decrease in net operating costs by 32.56% or \$1,811
- ▶ Interest income of \$3,080
 - Long-term GIC
- ▶ Grass cutting completed internally
 - Cost savings
 - Labour allocation approx. \$6,330
- ▶ Improvement on the cemetery program
 - Continue updating the fee schedule, by-law, procedures, and scanning records



Departmental Highlights

Protection to Persons and Property: Fire Department

- ▶ Increase in net operating costs by 4.81% or \$16,670
- ▶ Motor vehicle collision revenue consistent to 2025: \$25,000
- ▶ Cost of living increase of 2% applied to both employees and firefighters
 - 2026 firefighters' point allocation pool: \$102,649
- ▶ Mental health wellness program: \$5,000
 - PTSD prevention and critical incident response program
 - Policy to be established
- ▶ Misc. equipment: \$17,950 (88% increase over 2025)
 - Pagers, fire hose, oil separator, water pressure can (for electric vehicles), hand tools, portable pump, etc.



Departmental Highlights

Protection to Persons and Property: Fire Department

- ▶ Increase to equipment repairs & maintenance by \$6,400
 - SCBA bench testing
 - Compressor and air quality testing
- ▶ Increase in fleet operations by \$2,196 or 5.42%
- ▶ Mandatory firefighter certification process
 - Significant increase in training: \$37,810
 - 2026 Course fees: \$16,337
 - 2026 Training labour budget: \$21,473
 - Training of \$9,717 is being carried forward from the 2025 budget
- ▶ Training to continue using regional training centres



Departmental Highlights

Protection to Persons and Property: Emergency Operations

- ▶ Decrease in net operating costs by 10% or \$200
 - Total cost: \$1,800
- ▶ To track emergency management-related spending
 - In emergency scenarios, cost recovery funding may be available from upper levels of government
- ▶ The prior year's emergency management exercise highlighted the need for additional supplies
 - Privacy curtains
 - Ready-to-eat/long-term storage meals
 - Emergency supply kits



Departmental Highlights

Protection to Persons and Property: Policing

- ▶ Increase in net operating costs by 10.81% or \$49,419
- ▶ Contracted service with the Ontario Provincial Police
- ▶ 2026 contract total: \$506,806
 - Received Dec 5
 - 11% cap established by the Province, limiting the increase to only \$50,244
 - Without the cap, the increase would have been: \$128,324
- ▶ OPP detachment board estimate: \$1,600
 - Based on the board's allocation methodology



Departmental Highlights

Protection to Persons and Property: Conservation Authorities

- ▶ Increase in net operating costs by 2.78% or \$1,856
- ▶ Two conservation authorities
- ▶ Ausable Bayfield Conservation Authority
 - Total levy: \$34,868 (2.26% increase over 2025)
 - Includes category 3 programming of \$3,766
- ▶ St. Clair Region Conservation Authority
 - Total levy: \$36,846 (3.31% increase over 2025)
 - No category 3 programming



Departmental Highlights

Protection to Persons and Property: Building Services

- ▶ No Increase/Decrease in net operating costs
 - Cost-neutral department
 - Department surplus transferred to the Building Department Stabilization Reserve Fund
- ▶ Projecting a 9% increase in permits, per Chief Building Official
 - Totaling \$120,000
 - To align with the trend
- ▶ Contracted service with the Municipality of Middlesex Centre
 - Total cost: \$92,332 (2.4% increase over 2025)
 - Includes a 5% contingency to account for mileage
- ▶ Cloud permit annual fee of \$10,602



Departmental Highlights

Protection to Persons and Property: By-Law Enforcement

- ▶ Decrease in net operating costs by 66.67% or \$25,000
- ▶ Contracted service with the Municipality of Middlesex Centre
 - Hourly service, not fixed monthly contract, 2026 rate: \$65.49 plus mileage
 - Base amount budgeted: \$10,000
- ▶ Property standards and by-law enforcement project: \$25,000
 - Carryforward from 2025, reserve transfer to fully offset
- ▶ Education first mindset
- ▶ Used to address various by-law complaints



Departmental Highlights

Protection to Persons and Property: Animal Control

- ▶ Increase in net operating costs by 24.16% or \$1,448
- ▶ Permanent tagging system, with licences billed annually
- ▶ Slight decrease in dog tags
 - Will advertise on socials
 - To be billed in April
- ▶ Animal control services provided by Humane Society London & Middlesex: \$17,683
 - 2% annual increase per contract
- ▶ Current agreement set to expire in October of 2027



Departmental Highlights

Parks & Recreation

- ▶ Decrease in net operating costs by 9.99% or \$3,621
- ▶ Increase in rental fees to align with actuals
 - Accounting for in-kind rentals
 - Seeing more rentals every year at the park
- ▶ Grounds maintenance continues to be completed in-house
- ▶ EV charging station available
- ▶ Final year of the Richardson Tree Program: \$10,180
 - Fully offset by the remaining funds from the Richardson Trees Reserve Fund
 - Increased the annual budget to \$10,180 from \$6,000 due to the remaining annual balance



Departmental Highlights

Public Works – Roads

- ▶ Increase in net operating costs by 5.61% or \$78,215
- ▶ Cost of living applied at 2%
- ▶ Overtime budget set at 7.5%
- ▶ Delivery of sustainable transportation infrastructure
- ▶ Maintenance of roadway network, including winter operations
 - 214 Centre line km of roadway
 - 3.6 km of sidewalks
 - 13 Bridges
 - 36 Structural culverts



Departmental Highlights

Public Works – Roads

- ▶ Dust control: \$132,000 (9% Increase)
- ▶ Hard top and loose top maintenance: \$282,200 (4.5% Increase)
- ▶ Winter sand and salt consistent to 2025
 - Aligned with county fees and usage
- ▶ Continue with the culvert replacement program: \$30,000
- ▶ Bridge and culvert inspections required in 2026: \$10,000
 - OSIM report, required by the province to be inspected every 2 years



Departmental Highlights

Public Works – Roads

- ▶ Significant 2026 drain maintenance: \$114,390
 - Multiple drains are being reconstructed, with Township roads being impacted
 - Utilize Municipal Drainage Reserve Fund to minimize impact: \$90,000
 - Funded from the drainage review project
- ▶ Sidewalk winter maintenance increase: \$8,954
- ▶ Utilizing the team to assist with capital projects
 - Labour and Equipment (Buttery Creek, Tar & Chip Roads and municipal office parking lot
 - Minimize capital costs



Departmental Highlights

Public Works – Roads

- ▶ Focus on staff training
 - Road school
 - Various equipment training
 - Health and safety



Departmental Highlights

Public Works – Fleet

- ▶ Increase in net operating costs by 3.47% or \$7,361
- ▶ Slight fuel decrease of 1%
 - Based on current usage
- ▶ Added maintenance on the new vehicles
- ▶ One-time proceeds of disposition funding in 2026: \$20,000
 - As discussed in 2025, it was recommended not to realize the proceeds of disposition
 - Transferred fully to reserves to minimize future budget impacts



Departmental Highlights

Public Works – Waste Management: Waste & Recycling

- ▶ Decrease in net operating costs by \$65
- ▶ Second-year user fees fully cover operating costs
- ▶ 2026 Proposed wheelie bin charges: No increase
 - Small: \$129.42 Medium: \$183.34 Large: \$242.66
- ▶ BRA Increasing waste management disposal and automated fees
 - 2.0% increase over 2025 (Ontario Sept to Sept CPI)
- ▶ Wheelie bin program summary
 - Projected wheelie bin revenue: \$172,597
 - Cost of program: \$172,529
 - Total surplus: \$68



Departmental Highlights

Public Works – Waste Management: Recycling

- ▶ The Province is shifting the responsibility of recycling collection from municipalities to producers
 - Residential collection will remain the same
- ▶ Recycling for Industrial, Commercial and Institutional (ICI)
 - Changes effective January 1, 2026
 - New legislation
 - New routes and pickup dates (bi-weekly)
 - ICI recycling will be identified by red lids
 - BRA to provide information on financial options by the end of Q1 to Council
 - 2026 ICI pricing to remain status quo, no increase
 - Budget impact: \$4,353



Departmental Highlights

Public Works – Waste Management: Landfill

- ▶ Increase in net operating costs by 1.13% or \$1,185
- ▶ Landfill has reached capacity
 - Unable to accept general non-hazardous waste
 - To comply with the Ministry of Environment, Conservation and Parks (MECP)
- ▶ Landfill revenue: \$0
- ▶ Updated accepted materials
 - Appliances, brush, used lumber, bricks, concrete blocks, small quantities of rocks/stones, scrap metal, tires
- ▶ Covering fees eliminated
 - Savings redirected to reserves
- ▶ Environmental monitoring continues
- ▶ Future report on landfill options to come to Council
- ▶ Operating loss projected at \$104,749



Departmental Highlights

Landfill Financial Strategy and Reserve Funding

- ▶ Landfill closure and post-closure liability: \$733,444
 - Estimated reserve balance at 2025 year-end: \$469,001
 - Remaining amount to fund: \$252,000
- ▶ 2026 Recommended contributions: \$82,486
 - Allocate department savings, including the savings from eliminating landfill covering
 - Includes a 2.25% annual contribution increase
 - Includes investment earnings from the \$400,000 GIC at 5.45% (5-year term) and interest on the remaining bank balance
- ▶ Projected to be fully funded by 2028 under this strategy
- ▶ Strategy supports whichever option Council selects
 - Expansion, Closure or transition to a transfer station

Departmental Highlights

Environmental Services – Wastewater: Kerwood

- ▶ Decrease in net operating costs by 12.70% or \$14,443
- ▶ System operating revenue, billed on final taxes: \$45,367
 - Recommended annual fee increase of 2% (Ontario Sept to Sept CPI)
 - Increase to \$782.19 from \$766.85
- ▶ Connection fees not budgeted to be conservative
- ▶ Decrease to 2026 maintenance costs by: \$13,500 (\$6,000 total 2026 budget)
 - Heavy maintenance completed in 2025, usually once every 10 years
- ▶ Rate study: \$10,000 (prior year reserve carryforward: \$10,000)
- ▶ Contracted service with OCWA to maintain and operate system: \$54,814
 - Includes inflationary increase and contingency to address various call-ins
 - Contract expires December 31, 2026

Departmental Highlights

Environmental Services – Wastewater: Kerwood

- ▶ Lifecycle management reserve fund contribution: \$75,954
 - Per the asset management plan and financing strategy
 - 13.75% increase over 2025 due to lower interest rates and inflation
- ▶ Overall department deficit: \$99,298 (\$113,741 in 2025)

Departmental Highlights

Environmental Services – Water/Wastewater: Centre Rd/Hwy 81

- ▶ Decrease in net operating costs by 30.90% or \$18,848
- ▶ System operating revenue, billed through Strathroy-Caradoc: \$95,000
- ▶ Potential infrastructure and capacity study: \$30,000 (prior year reserve carryforward)
- ▶ Potential MECP water license: \$18,000 (prior reserve carryforward)
- ▶ Rate study: \$10,000 (Prior year reserve carryforward: \$10,000)
- ▶ Lifecycle management reserve fund contribution: \$52,141
 - Per the asset management plan and financing strategy
- ▶ Servicing agreement renewal and legal fees: \$70,000
 - Interim agreement in place, working toward final agreement
 - \$20,000 funded by the legal reserve fund
- ▶ Overall department deficit: \$42,141

Departmental Highlights

Drainage Services

- ▶ Increase in net operating costs by 14.7% or \$6,010
- ▶ Drainage superintendent services provided by Spriet Associates
 - Contract expires Feb 20th, 2026, with an option to renew for an additional year
 - In-person office hours: Tuesday
 - Can be available by phone or email the rest of the week
- ▶ Drainage superintendent grant of up to 50% on eligible hours: \$31,113
 - Grant through OMAFA (Ontario Ministry of Agriculture, Food and Agribusiness)



Operating Budget Breakdown

- Top 93% of the operating expenses are within 7 categories

Expenditures	%	\$
Transfer To Reserves/Reserve Funds	29%	\$2,172,688
Wages & Benefits	25%	\$1,831,246
Subcontracted services	22%	\$1,618,824
Repairs, Maintenance & Equipment Rental	12%	\$ 922,486
Insurance	2%	\$ 169,606
IT	2%	\$ 162,783
Conservation Authorities	1%	\$ 68,714

2026 Reserve & Reserve Funds HIGHLIGHTS

Reserve & Reserve Funds

Reserve Projections

Description	Projected 2026 Opening Balance	In Year Change	Projected 2026 End Balance
Capital Project Carryforward	34,092	(34,092)	-
Operating Project Carryforward	152,810	(152,810)	-
Total Reserves	186,902	(186,902)	-

Reserve & Reserve Funds

Reserve Fund Projections

Description	Projected 2026 Opening Balance	Total Contributions	Total Withdrawals	In Year Change	Projected 2026 End Balance
Richardson Trees Reserve Fund	9,912	268	(10,180)	(9,912)	-
Canada Community Benefit Fund (CCBF)	77,859	100,713	(171,671)	(70,958)	6,901
Ontario Community Infrastructure Fund (OCIF)	224,254	184,814	(402,642)	(217,828)	6,426
Neighbourhood Watch Reserve Fund	2,416	65	-	65	2,481
Building Department Stabilization Reserve Fund	636,505	39,782	-	39,782	676,287
Mar for Mayors Reserve Fund	-	-	-	-	-
West Williams Water Capital Reserve Fund	5,767	156	-	156	5,923
Water/Wastewater Reserve Fund	1,554,640	94,116	-	94,116	1,648,756
Kerwood Wastewater Capital Reserve Fund	915,868	100,682	-	100,682	1,016,550
Fleet Management Reserve Fund	27,907	753	-	753	28,660
Modernization Reserve Funds	163,309	4,409	(39,000)	(34,591)	128,718
Community Improvement Plan Reserve Fund	28,990	25,783	(10,000)	15,783	44,773
Employee Benefits Reserve Fund	38,546	1,041	-	1,041	39,587
Tax Rate Stabilization Reserve Fund	150,763	54,071	-	54,071	204,833
Municipal Drainage Reserve Fund	100,616	2,717	(90,000)	(87,283)	13,333
New Capital Asset Projects	-	-	-	-	-
Lifecycle Management Reserve Fund	3,661,788	1,438,136	(1,614,942)	(176,805)	3,484,983
Landfill Reserve Fund	492,369	82,486	-	82,486	574,855
IT Replacement Reserve Fund	35,925	35,970	(4,000)	31,970	67,895
Winter Maintenance Reserve Fund	51,848	1,400	-	1,400	53,248
Election Reserve Fund	12,547	339	(8,322)	(7,983)	4,564
Legal Reserve Fund	176,349	4,761	(40,000)	(35,239)	141,110
Program Review & Implementation Reserve Fund	4,291	116	-	116	4,406
COVID19/Safe Restart Reserve Fund	4,092	110	(4,000)	(3,890)	202
Total Reserve Funds	8,376,560	2,172,688	(2,394,756)	(222,068)	8,154,492

Note: These are estimated and include projected year-end 2025 surplus figures (still pending Council approval) for the 2026 opening balance.
Excludes: DC's, cemeteries and cash-in-lieu of parkland



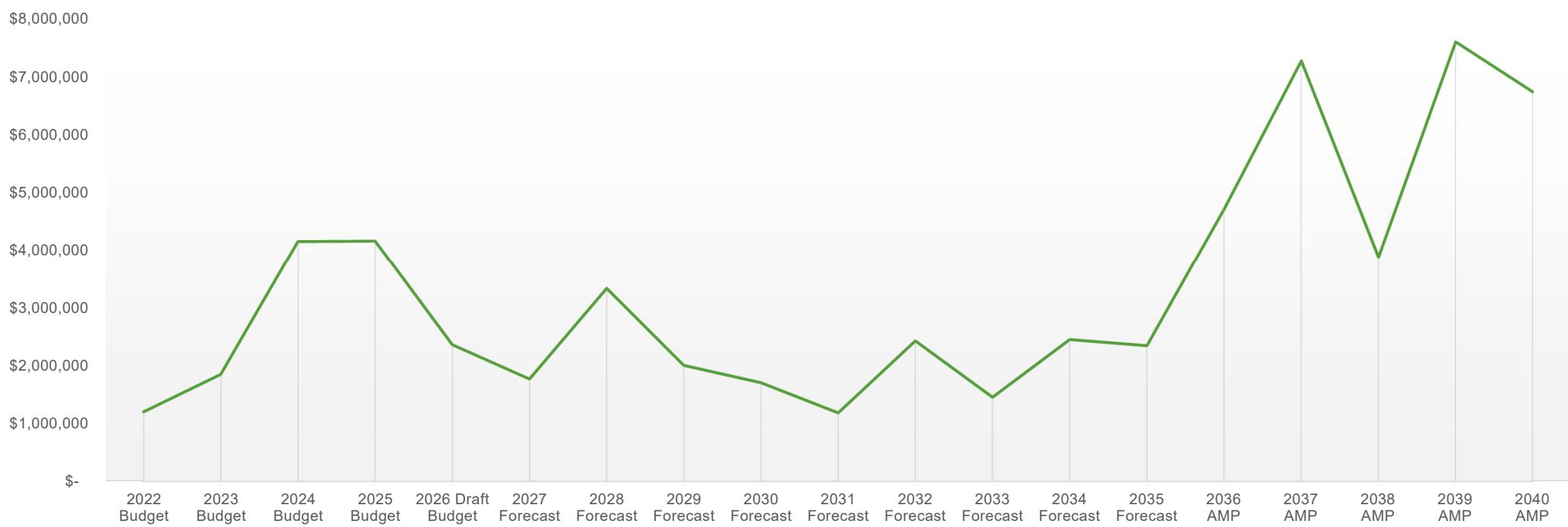
Future Capital Projections and Reserves

► Goal

- Identify high spend years
- Identify reserve recovery years
- Understand if reserve contributions are sufficient
 - Identifying trends early to minimize significant tax rate impacts in the future
 - i.e. more runway to save, smooth out rate increases



Future Capital Projections



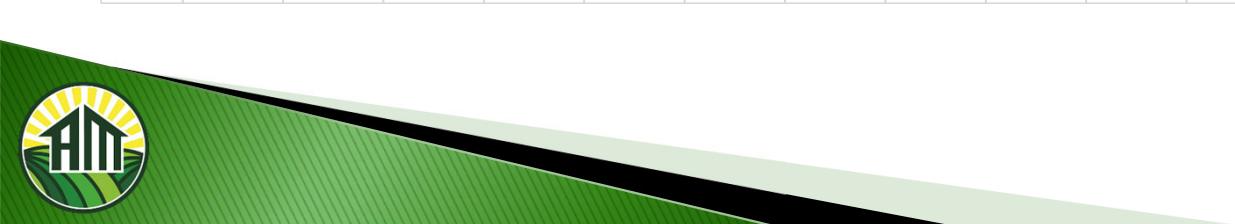
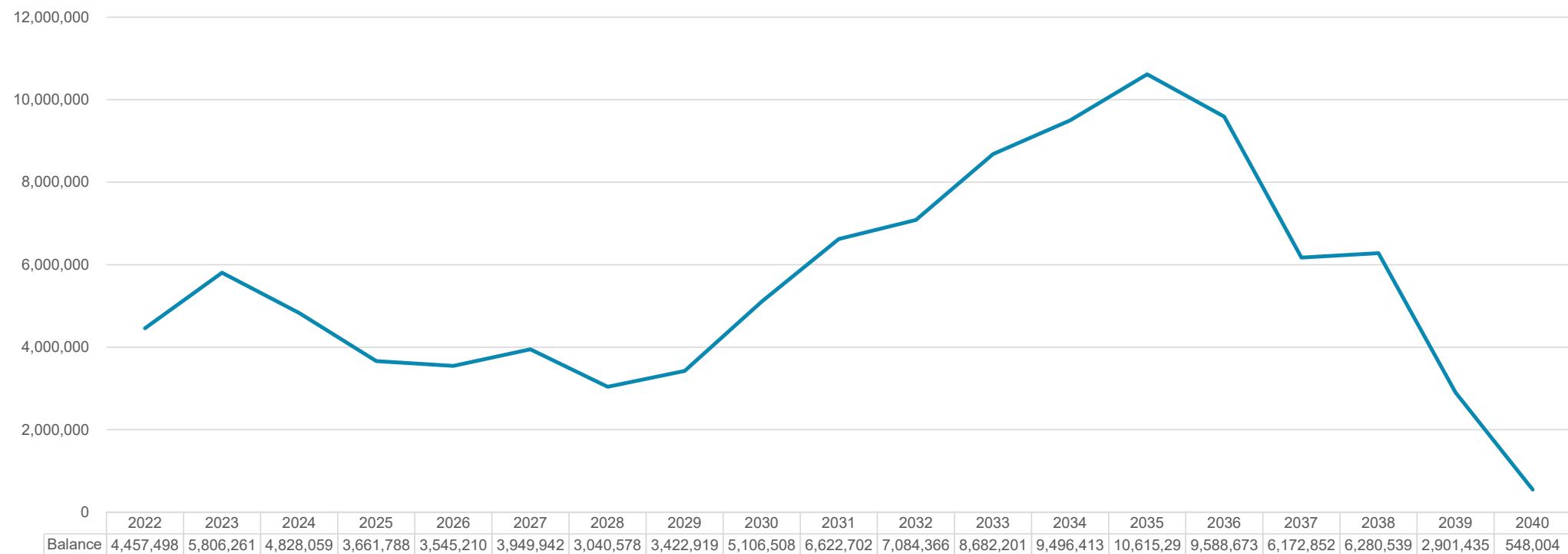
Lifecycle Management Reserve Fund Projections

	Draft Budget Forecast										AMP-Citywide Projections				
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Lifecycle Management Reserve Fund Opening Balance	3,661,788	3,545,210	3,949,942	3,040,578	3,422,919	5,106,508	6,622,702	7,084,366	8,682,201	9,496,413	10,615,292	9,588,673	6,172,852	6,280,539	2,901,435
Annual Lifecycle Contribution	1,362,702	1,461,498	1,567,457	1,681,097	1,802,977	1,933,693	2,073,885	2,224,242	2,385,500	2,558,448	2,743,936	2,942,871	3,156,229	3,385,056	3,630,472
Reserve Balance, before interest & drawings	5,024,490	5,006,708	5,517,398	4,721,676	5,225,896	7,040,200	8,696,588	9,308,608	11,067,700	12,054,861	13,359,228	12,531,544	9,329,081	9,665,595	6,531,907
Plus: Annual Interest Earnings on Balance	135,661	135,181	148,970	127,485	141,099	190,085	234,808	251,332	298,828	325,481	360,699	338,352	251,885	260,971	176,361
Less: Capital Drawings (After OCIF, CCBF Grants)	(1,614,942)	(1,191,948)	(2,625,790)	(1,426,242)	(260,488)	(607,584)	(1,847,030)	(877,740)	(1,870,116)	(1,765,050)	(4,131,254)	(6,697,043)	(3,300,428)	(7,025,131)	(6,160,264)
Year end Balance	3,545,210	3,949,942	3,040,578	3,422,919	5,106,508	6,622,702	7,084,366	8,682,201	9,496,413	10,615,292	9,588,673	6,172,852	6,280,539	2,901,435	548,004
Annual Contribution Increase	92,117	98,796	105,959	113,641	121,880	130,716	140,193	150,357	161,258	172,949	185,487	198,935	213,358	228,827	245,417
% Increase	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%

Assumptions: OCIF and CCBF remain consistent and are not cut. This is factored into the annual capital drawings; it would be higher without this funding.



Lifecycle Management Reserve Fund Projections



Investment Strategy

Declining interest rates



Investment Strategy

Declining interest rates

- ▶ AMP – Cash flow availability has been the priority due to upcoming projects
- ▶ High-interest account used for matured GIC in 2025
 - Rate of 3.75% until March 31, 2026 (Offered promo at Meridian CU)
 - \$1.7M in account



Cuts Made by Working Group

- ▶ The budget started at a 15.31% tax rate increase
 - Raising \$890,024 over 2025
- ▶ The working group cut \$511,138 to arrive at a 5.22% tax rate increase
 - Raising \$378,886 over 2025
- ▶ Additional information received by staff late last week
 - OPP and Insurance rates
 - Updated based on this information: 5.08% tax rate increase
 - Raising \$371,867 over 2025



Summary

- ▶ 5.08% Tax Rate Increase
- ▶ 7.51% Tax Levy Increase
- ▶ \$7,471,094 in Operating Costs
- ▶ \$2,356,526 in Capital Projects
- ▶ \$9,827,620 Total Municipal Budget



Impact

- ▶ Municipal Tax Rate Increase

Residential

2025 Taxes: \$2,247
Assessment: \$290,000

↑ \$114
(or \$9.51/month)

2026 Taxes: \$2,361
Assessment: \$290,000

Farm

2025 Taxes: \$1,550
Assessment: \$800,000

↑ \$79
(or \$6.56/month)

2026 Taxes: \$1,629
Assessment: \$800,000

Note: Excludes the education levy set by the Province and the County levy set by Middlesex County.

Summary

- ▶ 5.08% Tax Rate Increase
- ▶ 7.51% Tax Levy Increase
- ▶ \$7,471,094 in Operating Costs
- ▶ \$2,356,526 in Capital Projects
- ▶ \$9,827,620 Total Municipal Budget



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