

Message from the Mayor

As Mayor, I am proud to present Midland's 2026 Draft Budget, a plan that reflects my responsibility under Ontario's strong mayor powers to set the Town's financial direction. This budget is designed to advance Midland's priorities while maintaining the same open and transparent deliberation process with Council that residents expect.

Strong mayor authority means I have worked with staff to prepare this budget to align with our community's vision and long-term sustainability. However, as I have committed publicly, Council will review, debate, and vote on this budget as in previous years, ensuring collaboration and accountability remain central to our governance.

The 2026 Draft Budget focuses on:

- Fiscal responsibility managing costs, leveraging grants, and keeping tax increases near inflation.
- Infrastructure renewal investing in roads, water systems, and community facilities, supported by a 10-year capital plan totaling \$209 million.
- Community services preserving high-quality programs and amenities that make Midland a great place to live.

Key Highlights

 Capital budget: \$8.8 million for 2026, including fleet replacements, road resurfacing, and technology upgrades.

• Operating Budget: Streamlined service delivery with strategic reserve use to reduce tax pressure.

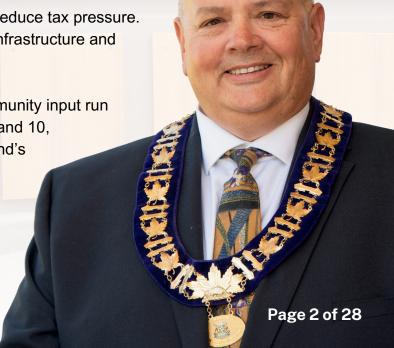
• User Rates: A modest 4% increase for water and wastewater to fund critical infrastructure and meet provincial standards.

Public engagement remains a cornerstone of this process. Opportunities for community input run November 14–30, with a public session on November 26, 2025. On December 9 and 10, Council will deliberate on the budget and together, we will ensure it reflects Midland's shared priorities.

Thank you for your trust as we work to keep Midland affordable and thriving.

Bill Gordon Mayor

Executive Summary



Midland Town Council



Mayor Bill Gordon bgordon@midland.ca 705-526-4275 ext. 2001



Deputy Mayor Beth Prost bprost@midland.ca 705-526-4275 ext. 2009



Councillor Roberta Bald rbald@midland.ca 705-526-4275 ext. 2003



Councillor Jamie-Lee Ball jball@midland.ca 705-526-4275 ext. 2004



seast@midland.ca 705-526-4275 ext. 2006



Councillor Sheldon East Councillor Catherine MacDonald cmacdonald@midland.ca 705-526-4275 ext. 2007



Councillor Howie Major hmajor@midland.ca 705-526-4275 ext. 2005



Councillor Bill Meridis bmeridis@midland.ca 705-526-4275 ext. 2008

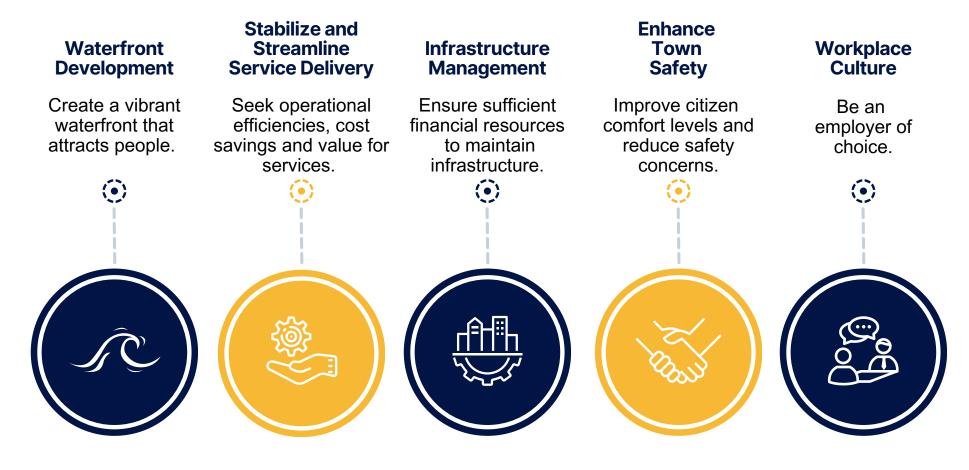


Councillor Jaz Patel jpatel@midland.ca 705-526-4275 ext. 2002

Executive Summary Page 3 of 28

Council's Strategic Plan

A Council Strategic Plan is an important tool that lays out the priorities of Council for their four-year term. It acts as a guide for making decisions, developing budgets and aligning resources, helping Council and Town staff work towards achieving Council's goals.



Executive Summary Page 4 of 28

Message from the CAO

As Chief Administrative Officer, I am pleased to present the Town of Midland's 2026 Draft Budget in collaboration with Mayor Bill Gordon and members of the 2022–2026 Town Council. This year's budget reflects our continued commitment to delivering high-quality services and infrastructure while maintaining fiscal responsibility and transparency.

The 2026 Draft Budget builds on the foundation of our 2023–2026 Strategic Plan, focusing on sustainability, service excellence, and community well-being. Key priorities include:

- Infrastructure renewal: advancing our 10-year capital plan with targeted investments in roads, water systems, and technology.
- Service optimization: streamlining operations and leveraging reserves to minimize tax impacts.
- Community quality of life: preserving programs and amenities that make Midland vibrant and welcoming.

The operating budget for 2026 emphasizes efficiency and stability. It balances rising costs with strategic use of reserves and non-tax revenues to reduce pressure on property taxes. Our approach ensures that essential services such as transit, recreation, and customer service continue to meet community expectations while adapting to economic realities.



Despite economic pressures faced by municipalities across Ontario, our team has worked diligently to balance affordability with progress. The proposed budget includes an \$8.8 million capital program for 2026 and a modest adjustment to user rates to fund critical infrastructure and meet provincial standards.

We want to hear from you. Community input is essential to shaping a budget that reflects Midland's shared priorities. Starting November 14 and continuing until Council's budget deliberations in December, you have the opportunity to share your ideas and feedback. By participating, you help ensure decisions about services, infrastructure, and investments align with what matters most to you and your community. Your voice guides choices that balance affordability with progress and strengthens trust in the process.

On behalf of Town Administration, I want to thank our staff for their dedication and our community for their trust. Together, we are building a resilient, thriving Midland, committed to quality of life for all.

Rhonda Bunn
Chief Administrative Officer

Our 2026 Municipal Budget

The municipal budget is Midland's financial plan for the year. It outlines how we collect revenue and spend money to deliver services, maintain infrastructure, and invest in our future. It reflects Council's priorities and ensures public funds are used responsibly and transparently.

The budget includes three main parts: the operating budget, the user rate budget, and the capital budget.



The **operating budget** covers Midland's daily services, such as snow clearing, road maintenance, recreation, parks, emergency services, tourism, and community planning. These are mainly funded by property taxes, with residential and farm properties contributing over 70% of the tax levy in 2026. Additional revenue comes from user fees (programs, permits, rentals) and grants like the Ontario Municipal Partnership Fund and Provincial Gas Tax. This mix helps Midland deliver reliable services while keeping taxes fair.



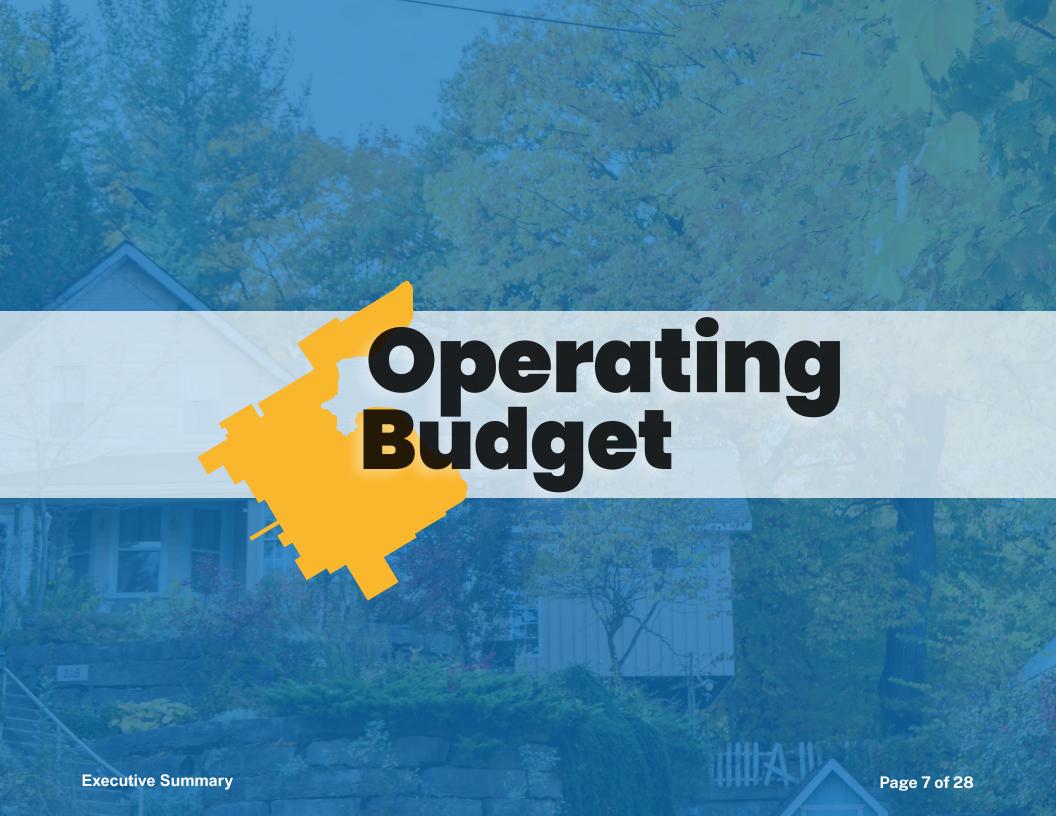
The **user rate budget** supports water and wastewater services funded directly by users. These are not covered by property taxes but by fees based on usage. Rates are reviewed regularly to reflect service costs, support infrastructure, and meet regulations. Revenues are reinvested into system upgrades and infrastructure management activities to ensure long-term reliability.



The **capital budget** funds long-term investments, such as roads, bridges, facilities, parks, and technology. These projects are paid for through reserves, government grants, development charges, and debt financing when needed. Capital planning ensures infrastructure meets community needs while staying financially sustainable.

Each year, Town staff assess operating pressures, capital project needs, and user rate adjustments to develop the draft budget. Council then invites public input, deliberates, and approves the final budget, ensuring it aligns with community priorities and delivers value for Midland residents.

Executive Summary Page 6 of 28



The Operating Budget and Your Property Taxes

From every property tax dollar we collect, **\$0.56** goes directly to support services delivered by the **Town of Midland**. These include snow clearing and road maintenance, fire and emergency services, parks and recreation, transit, planning and building services, by-law enforcement, and customer service.

The remaining \$0.44 is collected on behalf of other organizations and levels of government:

County of Simcoe - \$0.18

Supports regional services such as waste collection, paramedic services, long-term care, tourism, social and housing programs.

Police Services - \$0.13

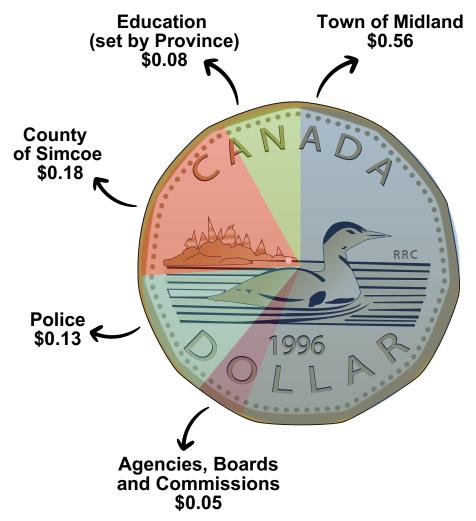
Funds Midland's contract with the Ontario Provincial Police (OPP) for local policing. This includes frontline response, community mobilization, court services, auxiliary units, and crisis outreach teams.

Education - \$0.08

Set by the Province of Ontario, this portion helps fund local school boards, teachers, and classroom supplies.

Agencies, Boards & Commissions (ABCs) - \$0.05

Supports organizations like the Midland Public Library, Huronia Museum, Huronia Airport, Severn Sound Environmental Association, and Route 93.



Executive Summary Page 8 of 28

Preliminary Projected Tax Rate Increase for 2026

Based on the preliminary draft budget, the projected tax increase for 2026 is 5.09%.

The blended property tax rate is based on the Town's operating budget, and the budgets or estimates from the partners listed on the previous page. There are many factors considered when developing an operating budget. Decisions such as balancing the demands of a growing community with inflationary market impacts coupled with decisions of previous Councils pose challenges for municipalities. As a result, considerable time was spent in exploring strategies to achieve operational efficiencies, service level reduction options and revenue generating initiatives required to reduce the operating budget increase below the level of inflation.



Property taxes are the Town's primary source of funding for essential services such as roads, parks, emergency response, and community programs. Each year, the Town sets the Town's property tax rate through the annual budget process, applying it to property values assessed by the Municipal Property Assessment Corporation (MPAC)—an independent, not-for-profit organization responsible for assessing all properties in Ontario.

While MPAC determines property assessments, the Town determines the revenue required to deliver services and sets the tax rates for the Town accordingly. For every \$100,000 of residential property assessment, a 5.09% increase in the tax rate results in an approximate tax impact of \$7.28 per month or \$87.38 per year to the property owner. This calculation helps residents understand how budget decisions translate into real dollar impacts on their household finances.

Executive Summary Page 9 of 28

Breakdown of the 2026 Tax Rate Increase

The 2026 Tax Supported Operating Budget has been developed in alignment with Council's direction to maintain existing service levels. This base budget reflects the estimated costs required to continue delivering the Town's current programs and services to the community, while incorporating inflationary pressures, prior Council decisions, and necessary contributions to reserves for infrastructure renewal. The base budget serves as the starting point for deliberations, with any proposed new investment and service recommendations or new initiatives brought forward separately for Council's consideration. This approach ensures transparency in budget impacts and supports informed decision-making on the allocation of resources for 2026.

	Tax Levy Increase (Decrease)	Tax Rate Impact
Maintain Existing Service Levels for Town Operations	\$ 676,432	2.25%
Draw from Community Safety Reserve	\$(375,000)	-1.25%
Reserve Contributions for Asset Replacement	\$ 598,000	2.00%
Assessment Growth	\$ (390,000)	-1.29%
Base Budget Changes	\$509,432	1.71%
OPP Contracted Services	\$564,000	1.87%
New Investment and Service Recommendations	\$537,403	1.78%
Council and Committee Requests	\$62,175	0.21%
Agencies, Boards, and Commissions	\$ 126,547	0.42%
Proposed 2026 Tax Levy Increase	\$1,799,557	5.98%
Blended Rate - Assumes 4% increase to the County levy collected the	5.09%	

Executive Summary Page 10 of 28

2026 Operating Budget: Base Pressures and Recommendations

Salaries and Benefits

Employee compensation and benefits represent a major portion of the Town's gross expenditures. The Town's mix of full-time, part-time, seasonal, and contract staff are essential to ensuring reliable and timely delivery of services to residents, businesses, and visitors. The 2026 salaries and benefit budget includes cost of living increases mandated by union contracts, increases to statutory and group benefit premiums to reflect current benefit costs, and the current year phase-in of staffing decisions approved in prior years.

Inflation and Market Increases

Inflationary increases to market prices for key expenditures such as supplies and materials, contracted services, repairs and maintenance, fuel, and utilities significantly impact departmental budgets across the organization. Wherever possible, staff have adjusted operational budgets to account for known increases in these areas, while implementing savings and reductions in other areas to offset unavoidable inflationary increases.

Draw from Community Safety Reserve

The Community Safety reserve is funded from the net 2025 revenue of the community safety cameras. The expected reserve balance at the end of 2025 is \$375,000. This revenue was not included in the 2025 budget. Staff are recommending these funds be used in 2026 to support existing community safety programs, such as fire, OPP and bylaw.

Reserve Contributions for Asset Replacement

The Asset Management Plan was updated in 2025 and identifies a \$9.7M funding gap for infrastructure replacement. The plan reinforces the importance of continuing to increase contributions to reserves for future replacement of existing assets and recommends increasing our annual reserve contribution incrementally each year over the next decade. The 2026 draft budget includes an increase in reserve contributions equal to 2% of the tax levy.

Executive Summary Page 11 of 28

■2026 Operating Budget: Additional Pressures and Impacts

OPP Contracted Policing Services

The agreement between the Town and the OPP governs the budget for policing. A review of the OPP cost recovery model by the Ministry of the Solicitor General is underway and has resulted in delayed annual billing statements to municipalities. As of the date of this document, Midland has not received the 2026 annual billing statement for OPP services. Instead, the Solicitor General provided an update on the status of the review and included that an 11% cap has been set on the increases in policing costs owed by municipalities for the 2026 calendar year when compared to 2025. In response to this information, the 2026 draft budget includes an 11% increase for policing costs. To reduce the burden of this increase on the tax rate, the draft budget includes a \$107K draw from the tax rate stabilization reserve to offset policing costs, equivalent to the amount approved in the 2025 budget.

Agencies, Boards, and Commissions (ABCs)

The 2026 draft budget includes requests from agencies, boards, and commissions for funding support from the Town. These requests total an increase of \$126,547 over 2025 approved funding, which is a tax rate increase of 0.42%. Each request for funding from our municipal partners will be considered on an individual basis during budget deliberations.

New Investments, Service Recommendations, and Council and Committee Requests

The budget process provides staff, Council, and committees the opportunity to recommend changes to service levels. These changes might be proposals for new community programming or events, equipment that will expand service and maintenance levels, new revenue generating opportunities, staffing or solutions to service gaps or needs that have been identified by the community. Details of these requests are included in the draft budget, and each one will be discussed and deliberated by Council during the approval phase.

County of Simcoe

Any increase imposed at the County level impacts the Town's blended tax rate. At the time of publication of this document, the County's draft budget has been presented with a 4% increase. The County budget is still subject to further review and potential amendments at future County Council meetings. The County proposed tax levy increase included in this draft budget document is 4%.

Executive Summary Page 12 of 28

The Importance of Growth

Growth is essential to Midland's financial health and long-term sustainability. Each year, the Town benefits from realized assessment growth, which is the increase in property assessments and new development captured by the Municipal Property Assessment Corporation (MPAC). This growth expands the Town's tax base, allowing us to collect more property tax revenue without raising tax rates for existing property owners.

Realized assessment growth directly contributes to increased annual property tax revenue, which helps fund the services residents rely on every day. As new homes and businesses are built, the Town receives additional tax dollars that support snow clearing, fire and rescue, parks and recreation, libraries, transit, planning and building services, by-law enforcement, and customer service. This new revenue helps offset inflationary pressures and service demands, reducing the need for higher tax rates on existing properties. Growth also has a direct impact on user rate services such as water and wastewater. As new homes and businesses connect to municipal systems, the Town experiences increased demand for water supply, treatment, and wastewater collection infrastructure. These services are funded through user fees rather than property taxes, and growth helps stabilize rates by spreading costs across a larger customer base.

Growth also plays a critical role in capital planning and infrastructure funding. While realized assessment growth boosts operating revenue, development charges collected from developers help fund the infrastructure needed to support new growth. These charges are used for roads, water and wastewater systems, parks, and public facilities. Together, assessment growth and development charges ensure that growth pays for growth, allowing Midland to expand responsibly and sustainably.

As Midland continues to grow, realized assessment growth remains a vital tool for building a vibrant, resilient, and financially sustainable community. In the 2026 budget, Midland has realized \$390,000 in taxation dollars from new assessment growth, helping to support service delivery and long-term investments.



Executive Summary Page 13 of 28

User Rate Budget

User Rate Changes: Water and Wastewater

Unlike the Town's operating and capital budgets, which are funded primarily through property taxes, the User Rate Budget is funded by the people who use the services, specifically water and wastewater. These services are essential to public health, environmental protection, and community growth, and are funded entirely through user fees, not property taxes.

User fees cover the full cost of delivering clean, safe drinking water and treating wastewater before it's released back into Georgian Bay. This includes daily operations and maintenance of water and wastewater systems, compliance with provincial regulations, infrastructure upgrades and replacements, emergency repairs, and long-term planning. In 2025, Midland's annual operating cost for water and wastewater services was approximately \$6 million, funded entirely through user rates.

Rates are reviewed annually to ensure they reflect the true cost of service delivery. For 2026, staff are proposing a 4% increase for water and a 4% increase for wastewater. For a typical household using 170 cubic metres per year, this means an annual cost of \$520.32 for water and \$590.68 for wastewater. These increases help ensure that user fees remain fair, sustainable, and sufficient to fund both operations and future infrastructure needs.

User rate revenues also support Midland's 10-Year Capital Plan for water and wastewater infrastructure. This includes major projects like water tower replacements, pumping station upgrades, and wastewater treatment expansions. Staff use lifecycle analysis and reserve modeling to ensure long-term sustainability and avoid sudden rate spikes, helping Midland maintain reliable services while planning responsibly for future growth.

	Water			Wastewater		
	2025	2026	Increase	2025	2026	Increase
Monthly Fixed Fee	\$14.38	\$14.96	4%	\$16.39	\$17.05	4%
Variable Rate per m3	\$1.93	\$2.01	4%	\$2.18	\$2.27	4%
Typical User using 170 m3/yr	\$500.31	\$520.32	4%	\$567.96	\$590.68	4%

Executive Summary Page 15 of 28

Transformational Funding: Investing in Growth

In 2024, Midland secured over \$30 million from the Province of Ontario through the Housing-Enabling Water Systems Fund (HEWSF) - the largest infrastructure grant in the Town's history. This transformative funding will enable critical upgrades to our water and wastewater systems, directly supporting new housing, economic development, and long-term sustainability. Thanks to the leadership and expertise of Town staff, Midland submitted a compelling business case that aligned with provincial priorities under Bill 23. Staff identified key infrastructure needs, developed detailed project plans, and demonstrated how the Town is ready to support Ontario's goal of building 1.5 million new homes.

The HEWSF grant will fund:

- A new water tower near Highways 12 and 93
- Decommissioning of the aging Dominion Avenue tower
- A new booster pumping station
- Over 1.4 km of new watermain
- Expansion of the wastewater treatment plant's headworks facility

These upgrades have the potential to unlock land for development and support the construction of approximately 3,000 new homes. While HEWSF supports the upfront infrastructure costs, development charges, the fees collected from developers, will help fund additional growth-related infrastructure like roads, parks, and public facilities. Together, these tools ensure that growth pays for growth, protecting existing taxpayers while enabling Midland to expand responsibly. Construction is expected to begin in late 2025. This investment, made possible by the dedication of Town staff and strategic planning, will benefit Midland residents for generations to come.

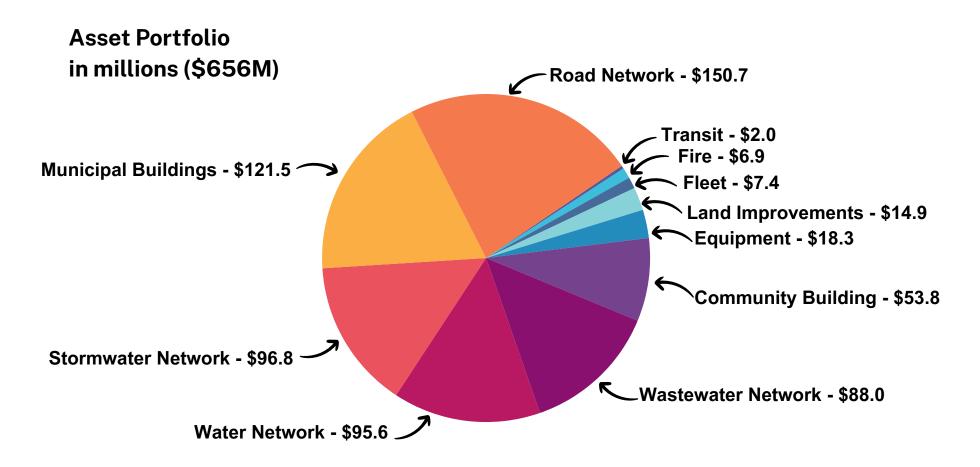
In addition to the core HEWSF-funded infrastructure, Midland secured an additional \$4.9 million for septage receiving upgrades through a collaborative application with Tiny Township. While the funding was awarded jointly, Midland led the development of the business case, conducting the necessary technical analysis and justification to the Province. In recognition of this leadership, the Province approved a scope enhancement to Midland's HEWSF application, ensuring that the septage upgrades which are critical to regional wastewater capacity and environmental protection could be fully funded under the program.

Executive Summary Page 16 of 28



Managing the Town's Capital Needs

Midland's capital budget reflects the Town's commitment to responsible, forward-looking investment in infrastructure. Each year, staff apply their deep expertise in engineering, finance, and asset management to assess infrastructure needs, prioritize projects, and align funding sources. Guided by the Town's Asset Management Plan, staff ensure that the Town's asset portfolio, valued at \$656 million, is maintained and improved to meet community needs. Staff track asset condition, prioritize investments, and refine the 10-year capital plan annually. Capital projects are funded through reserves, grants, development charges, and debt financing when needed. This careful planning ensures Midland's infrastructure remains safe, reliable, and financially sound for current and future generations.

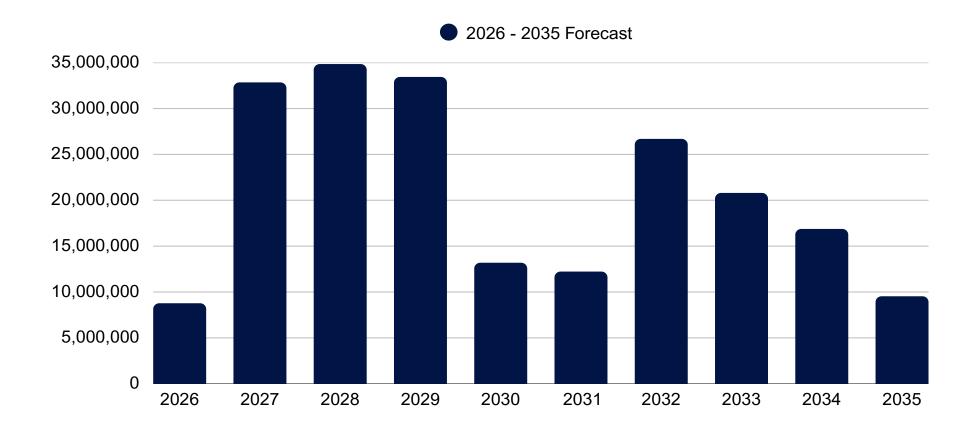


Executive Summary Page 18 of 28

Capital Plan Overview

The 10-year capital program includes a total of \$209M in new capital and project related requests, including water and wastewater.

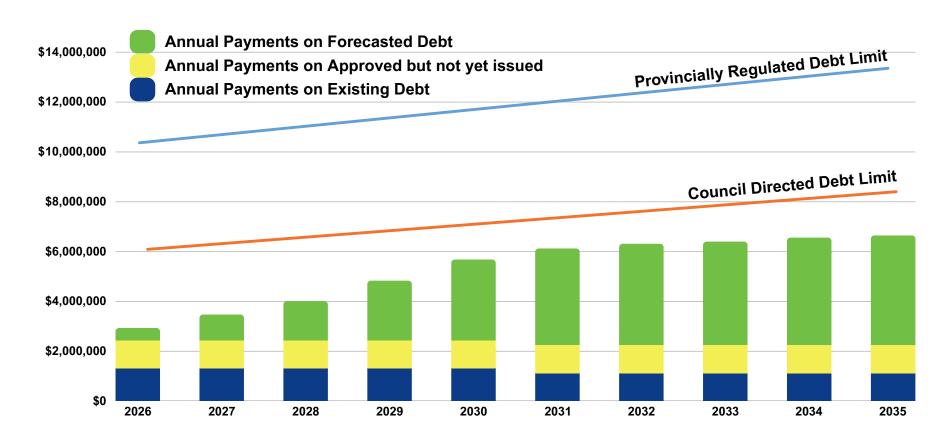
The 2025 approved capital budget of \$102.5M includes several multi-year infrastructure projects that will carry forward to 2026.



Executive Summary Page 19 of 28

Debt Financing

The Town does not have sufficient internal financial resources to fund its capital needs. As a result, the 10-Year Capital Plan includes \$78M in external debt financing. This long-term financing tool allows the Town to spread infrastructure costs over time, easing pressure on reserves. High-value, long-lived assets have been prioritized for debt financing, with many projects spanning multiple years. Where needed, short-term construction financing may be used before issuing long-term debt at project completion. Municipal borrowing is governed by the provincially prescribed Annual Repayment Limit (ARL), which caps debt levels at 25% of own-source revenue. The chart below shows a 10-year forecast of annual debt payments compared to the provincial debt limit, along with a more conservative benchmark set for the Town of Midland to reduce pressure on annual operating budgets.



Executive Summary Page 20 of 28

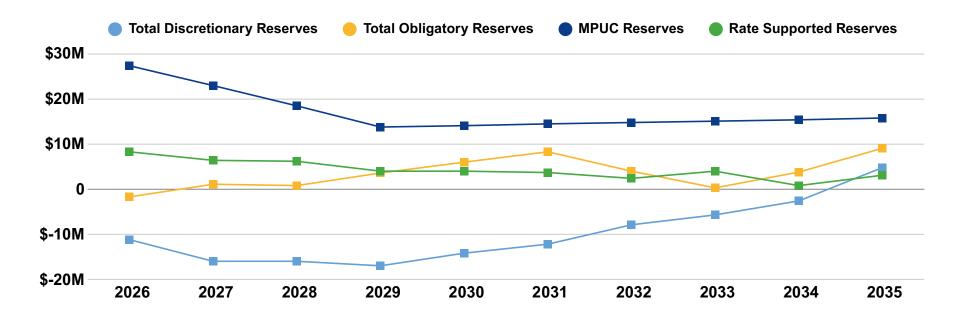
Capital Reserve Management

The graph below presents a consolidated 10-year forecast for the Town's capital reserves. The forecast is based on assumptions for reserve contributions and draws for the tax-supported capital plan and does not differentiate between permitted uses or internally imposed restrictions.

Other key assumptions include:

- Contribution of \$15M is made by the Town towards the development of Midland Bay Landing. Debt on the property is repaid in full in 2028.
- Internal borrowing and external debt financing is utilized where necessary and appropriate.
- Midland Public Utilities Commission Legacy Fund Policy remains in effect.

Phased-in increases to our capital reserves will be maintained based on our projected 10-year capital needs. Annually, finance staff review the operating budget to actuals, and may recommend to Council that realized surpluses be directed to top-up capital reserve contributions.



Executive Summary Page 21 of 28

Capital Reserve Statuses

Development Charges Reserve Funds

Development charges help fund growth-related infrastructure and associated debt servicing costs. The Town's capital plan includes over \$21M for growth projects, with an additional \$20M from development charges reserves to cover debt servicing. Combined with projected collections from developers, rate adjustments arising from the 2025 Development Charges Background Study, and interest, development charges reserve funds are expected to have a combined balance of \$9M by 2035. Development activity is unpredictable, making it a key financial risk. Economic downturns, legislative changes, or shifts in growth patterns could reduce developer contributions, leaving the Town to cover debt costs. On the other hand, stronger-than-expected growth could reduce reliance on external debt. The Town's updated Development Charge Background Study now informs capital planning decisions, ensuring that growth-related investments are aligned with projected development activity and financial capacity.

Midland Public Utility Commission Reserves

The sale of the Midland Public Utility Commission (MPUC) was concluded in late 2018. Most of the net proceeds were used to establish the MPUC Legacy Reserve and Community-Wide Initiatives Reserve. The MPUC Legacy Reserve was established with an initial principal investment of \$10.5M. The intention is for this amount to be held in perpetuity with only the investment income distributed after adjusting for inflation and management costs. The estimated opening 2026 market value of this reserve is \$14M.

The Community-Wide Initiatives Reserve was established to provide internal financing and enhance liquidity. It currently holds approximately \$12.2M, with a minimum balance of \$4M maintained to offset the negative Midland Bay Landing Reserve. As that reserve is repaid, more funds will become available for internal project financing. The 10-year capital plan includes \$15M in draws from this reserve. Per policy, all amounts borrowed must be repaid with interest at the prevailing borrowing rate. While this ensures future availability, it also creates affordability constraints that limit how much can be borrowed. Repayment has not been included in the 10-year forecast, as the funding source remains unconfirmed and may come from increased assessment growth or internal or external borrowing.

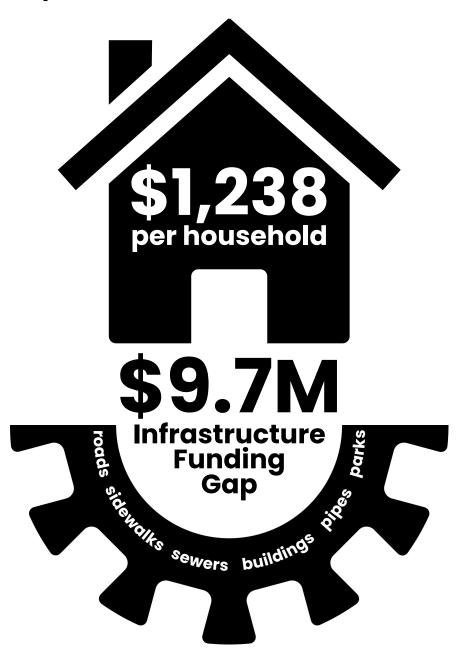
Executive Summary Page 22 of 28

| Funding Capital and the Infrastructure Gap

The total replacement cost of our asset portfolio is \$656 million dollars. Currently we are investing \$10.0 million dollars annually towards infrastructure replacement, funded by taxation and water and wastewater user-rates. Given the forecasted annual capital requirements to maintain our levels of service, we are experiencing approximately a \$9.7 million dollar funding gap, which will only grow larger if we fail to plan for replacements in a methodical manner. This gap equates to approximately \$1,238 per property for property owners.

To close this gap, annual reserve contributions would need to increase incrementally each year over the next decade, and since this contribution is partially funded through the operating budget, it directly impacts property tax rates.

In 2025, reserve contributions for asset replacement were increased by \$499,563, or 1.7% of the tax rate. The 2026 proposed budget includes an increased contribution to reserves of \$598,000. This represents a 2% impact to the tax rate, or \$37.47 per \$100,000 of property assessment base, per year.



Executive Summary Page 23 of 28

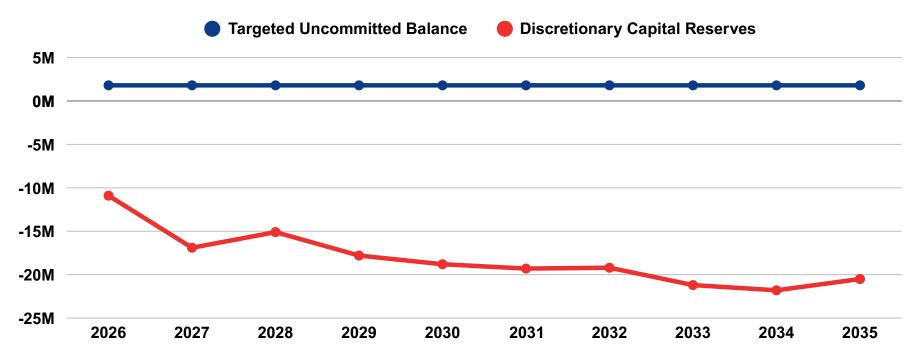
Funding Capital and the Infrastructure Gap

The following scenarios present a 10-year forecast showing the effect of changing variables such as the annual levy for reserve contributions as well as directing annual tax-supported operating surpluses to reserves.

Scenario 1: No increases to our annual tax-supported capital reserve contributions (remain at 2025 amounts). In this scenario it is assumed that capital reserve contributions remain static over the 10-year plan. This scenario also assumes that the Midland Bay Landing debt is repaid in full in year 2028.

The chart below presents the 10-year forecast for the Town's Discretionary Capital Reserves based on this scenario:

Tax-Supported Capital Program Funding Gap (Scenario 1)



Scenario 1 Conclusion: The gap between the targeted balance (the blue line – based on the Town's financial policy) and the expected balance (the red line) shows a consistently growing gap for almost the entire forecast period.

This scenario results in a financially unsustainable path with a negative balance of \$20.5M in 2035 versus a target balance of approximately \$1.8M. This scenario is not recommended.

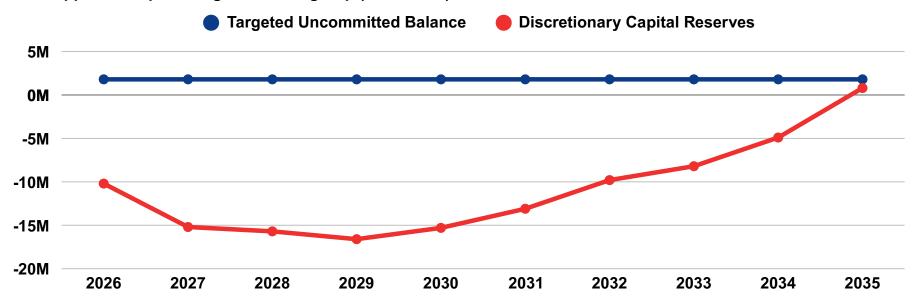
Executive Summary Page 24 of 28

Funding Capital and the Infrastructure Gap

Scenario 2: Phased in reserve increases are included in the tax-rate to meet our average 10-year capital spend. In this scenario it is assumed that increases to the reserves included in the 10-year plan will be continued, but that no additional funds are directed to address the backlog of infrastructure replacements. This scenario aligns with the recommendations included in the Town's 2025 Asset Management Plan, which only considers our existing replacement needs.

The chart below presents the 10-year forecast for the Town's Tax Capital Reserves based on this scenario:

Tax-Supported Capital Program Funding Gap (Scenario 2)



Scenario 2 Conclusion: The gap between the targeted balance (the blue line – based on the Town's financial policy) and the expected balance (the red line) begins to close in 2030. This scenario demonstrates the compounding nature of steady increased reserve contributions with interest income throughout the forecast period. This scenario moves the Town towards a financially sustainable path, reaching almost a \$0.8M balance by the end of 2035 versus a target balance of approximately \$1.8M. This scenario does not fully address the Town's future capital needs within the forecast period, especially as new assets are put into service.

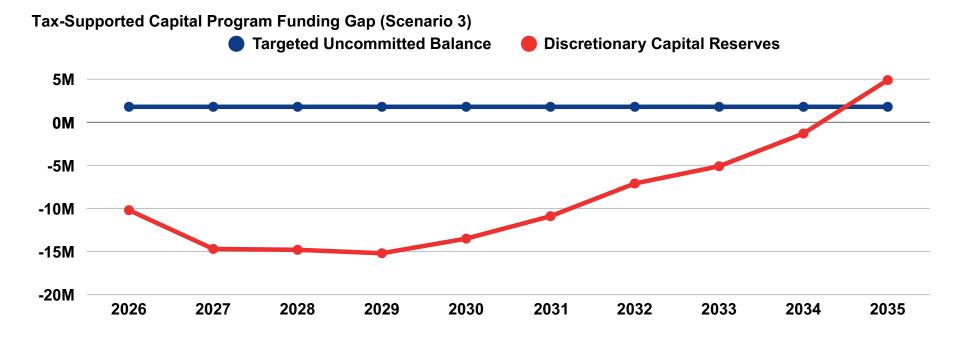
Executive Summary Page 25 of 28

Funding Capital and the Infrastructure Gap

Scenario 3: Phased-in reserve increases are included in the tax-rate, as well as annual reserve top-ups of 1.5% from the operating budget surplus.

In this scenario the reserve contribution increases from Scenario 2 apply, as well as top-ups to the capital reserves from the annual operating surplus, estimated at 1.5% of annual total tax-support.

The chart below presents the 10-year forecast for the Town's Tax Capital Reserves based on this scenario:



Scenario 3 Conclusion: This scenario shows a better financial result than the previous scenario with a positive balance of \$4.9M in 2035. It is also the scenario reflected in the Consolidated Reserve Forecast, which effectively balances the needs identified in the Town's 10-year capital plan. Considering the infrastructure gap identified in the Asset Management Plan, a scenario that results in positive reserve balances that exceed the target balance of \$1.8M is the most fiscally responsible path forward.

Executive Summary Page 26 of 28

■The 2026 Budget Survey

The 2026 Budget Engagement Survey was open to the public from July 7 through August 24.



77% of participants are working age



88% of participants live in Midland (25% live and work in Midland)

We heard from 179 respondents in 2025, including 159 Midland residents.

Although the survey does not accurately represent a random sampling of the community, it may reflect key themes and help to inform Council's decision-making process during budget deliberations.

The budget process includes multiple opportunities for public input, including a formal question and answer period, and a public meeting.

Highlights from the 2026 Budget Survey

Top 3 Community Funding Priorities

87% chose Roads in their top 3

73% chose Recreation

63% chose Fire and Emergency Services

How should we fund the budget?

70% - Increase User Fees

38% - Introduce New User Fees

25% - Reduce Services

18% - Increase Property Taxes

68%

said they received fair or better value for their tax dollar



Key Dates and Public Input Opportunities



November 14 - 30, 2025

The budget will be posted on the Town website for the public. This is your opportunity to review the budget and ask questions of Council and staff. Email budget@midland.ca.



November 26, 2025

The public meeting for the 2026 budget is your opportunity to ask questions at a Council meeting and share feedback with Council on your budget priorities.

This meeting will feature presentations from Midland-funded agencies, boards and commissions.



December 9 and 10, 2025

Council meets with staff to discuss the budget, review questions and requests, and prepare for budget approval. This meeting is open to the public.

Executive Summary Page 28 of 28