

# *Middlesex Centre Tax Long-Range Financial Plan (2025-2034)*

*BMA Management Consulting Inc.*

*Tax*

*June 4<sup>th</sup>, 2025*



**middlesex  
centre**

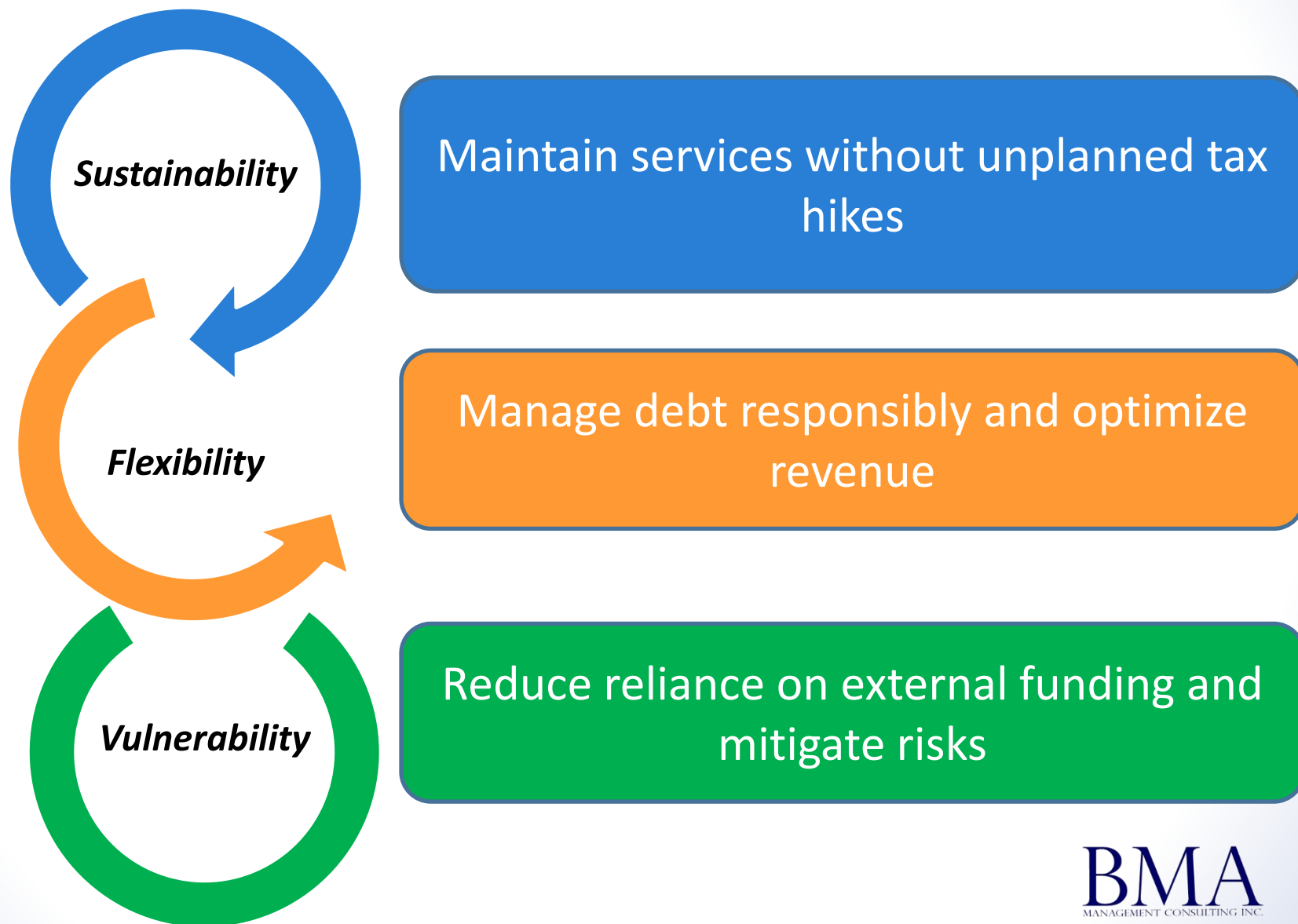
*in the centre of it all*

**BMA**  
MANAGEMENT CONSULTING INC.

# Introduction

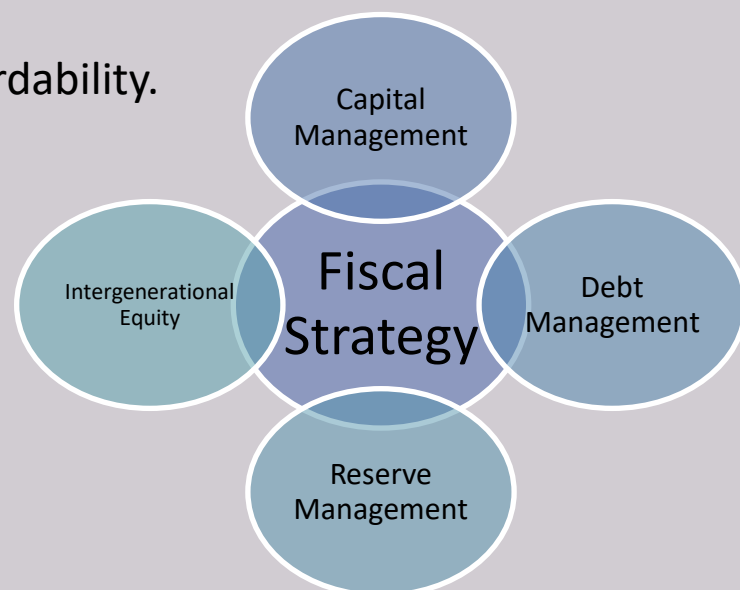
- ✓ The LRFP provides a strategic financial roadmap for the municipality.
- ✓ Focuses on balancing sustainability, flexibility, and vulnerability.
- ✓ Identifies key financial challenges: limited revenue, aging infrastructure, rising costs, economic uncertainty.

## Financial Planning Pillars

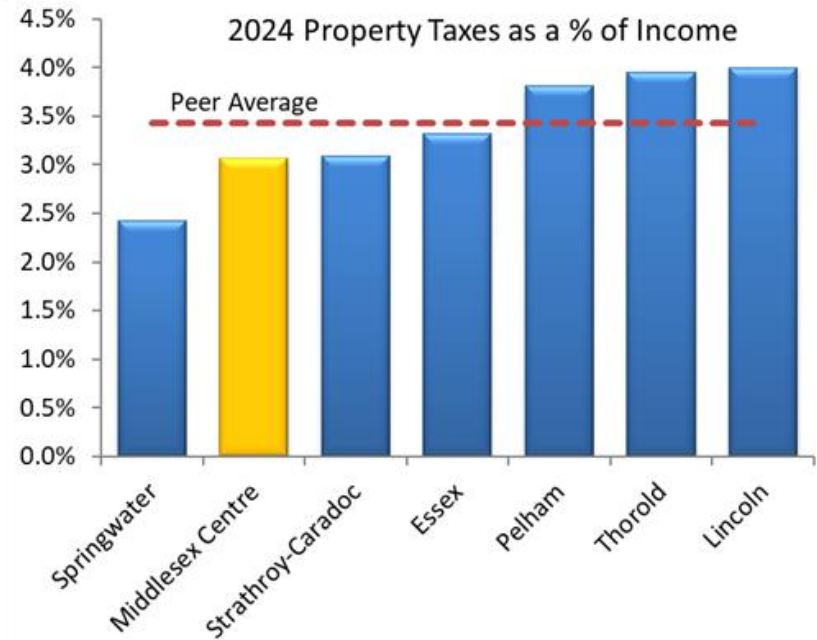
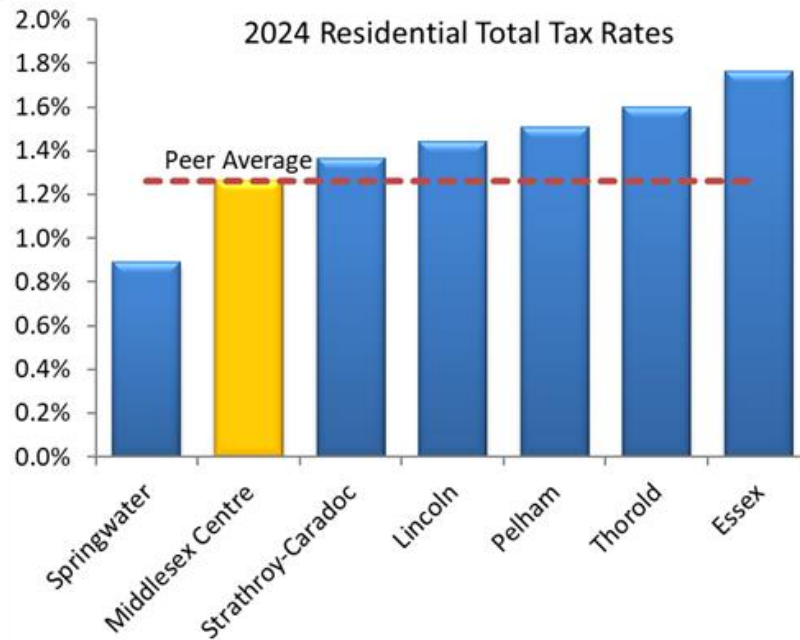


## Guiding Principles

- ✓ Ensure reasonable degree of stability and predictability in the tax burden;
- ✓ A fair sharing in the distribution of resources between current and future taxpayers;
- ✓ Maintain programs and services at their desired levels;
- ✓ Sufficient reserves and/or debt capacity to replace infrastructure when needed; and
- ✓ Balance increased capital investment with affordability.



## Balancing Affordability and Future Needs



- Property tax levels remain below peer averages.
- Middlesex Centre has one of the lowest tax rates in peer municipalities.
- Rising costs necessitate prudent financial planning.

## Summary of Challenges

- Demographic shifts
- Limited Revenues Sources
- Pressure to keep taxes low
- Delayed re-assessment (2016 market values)
- Asset Renewal/Replacement - Infrastructure Gap – a phase in strategy will be needed
- Numerous Separate Capital Reserve Funds Limits Flexibility
- Inadequate DCs to fund all growth-related expenditures
- Servicing new growth at the same time existing assets are reaching replacement needs
- Economic Uncertainty – tariffs, overall economic conditions and changes in legislation

# Financial Sustainability is linked to Asset Management



## AMP Annual Investment Target vs. Current Contributions

2025 Capital Contributions (000's)	Tax AMP
Current Contributions	\$ 9,945
Grants	\$ 2,538
<b>Total Current Contributions</b>	<b>\$ 12,482</b>
AMP Target	\$ 21,914
<b>Total Recommended Annual Target</b>	<b>\$ 21,914</b>
Estimated Annual Funding Gap	\$ (9,432)

- Estimated annual infrastructure gap is \$9.4 million
- Since 2025 Tax Levy is \$25.75 million, this gap would require an additional 36.5% on the current tax levy
- Increase AMP reserve contributions to target over a 15-year period



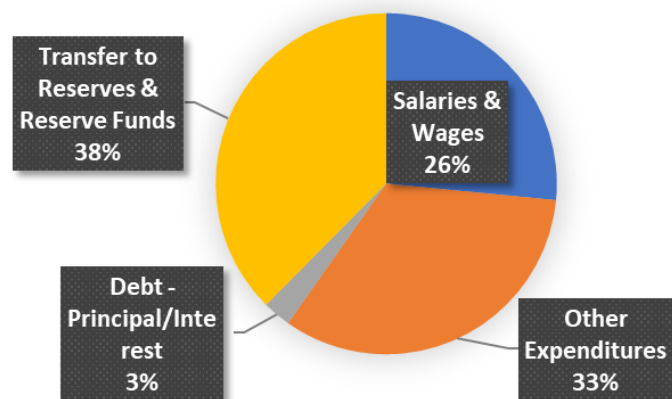
## Growth Annual Investment Target vs. Current Contributions

2025 Capital Contributions (000's)	Tax Growth
Current Contributions	\$ -
Grants	\$ -
<b>Total Current Contributions</b>	<b>\$ -</b>
AMP Target	\$ 5,377
<b>Total Recommended Annual Target</b>	<b>\$ 5,377</b>
<b>Estimated Annual Funding Gap</b>	<b>\$ (5,377)</b>

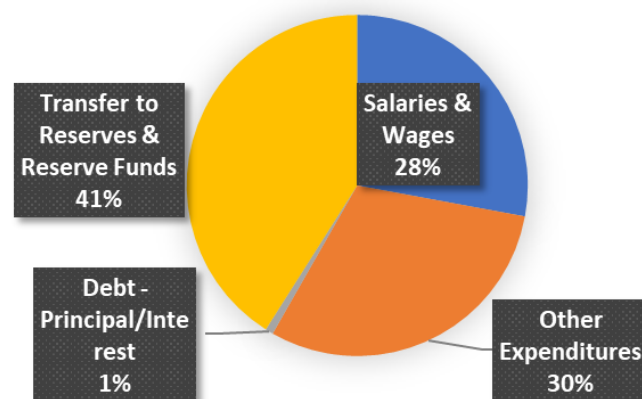
- Estimated annual growth infrastructure gap is \$5.4 million
- Since 2025 Tax Levy is \$25.75 million, this gap would require an additional 21% on the current tax levy
- Increase Growth reserve contributions to target over a 15-year period to provide a funding source for growth-related projects not recovered from development charges

## Summary of Expenditures – 10 Year Forecast

Tax 2025 Operating Budget Expenditures



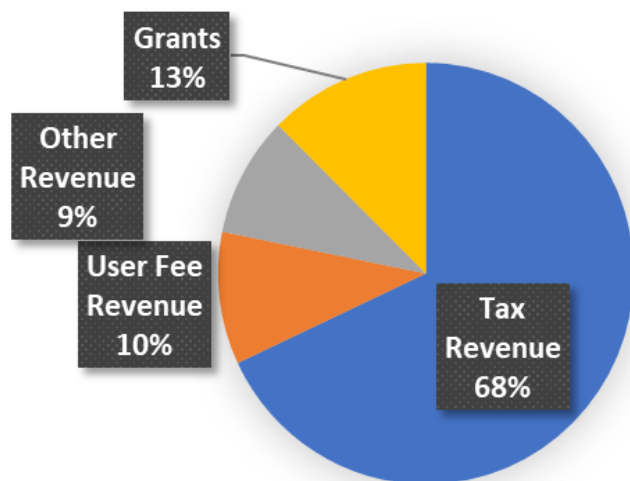
Tax 2034 Operating Budget Expenditures



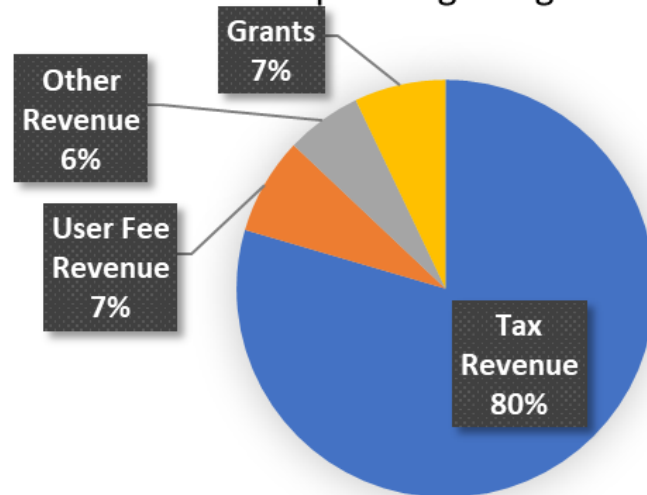
- The expenditure is projected to increase from \$38.5 million to \$67.5 million in 2034.
- Most of the increase, \$13.2 million, is associated with increases in reserve transfers required to fund the AMP projects and growth assets.

## Summary of Revenues – 10 Year Forecast

Tax 2025 Operating Budget Revenues



Tax 2034 Operating Budget Revenues



- Property Taxes increase from \$25.7 million in 2025 to \$53.2 million in 2034.
- There is an increase in reliance on tax revenue from 68% in 2025 to 80% in 2034.

## Tax Levy Changes, Assessment Growth, Property Tax Increases

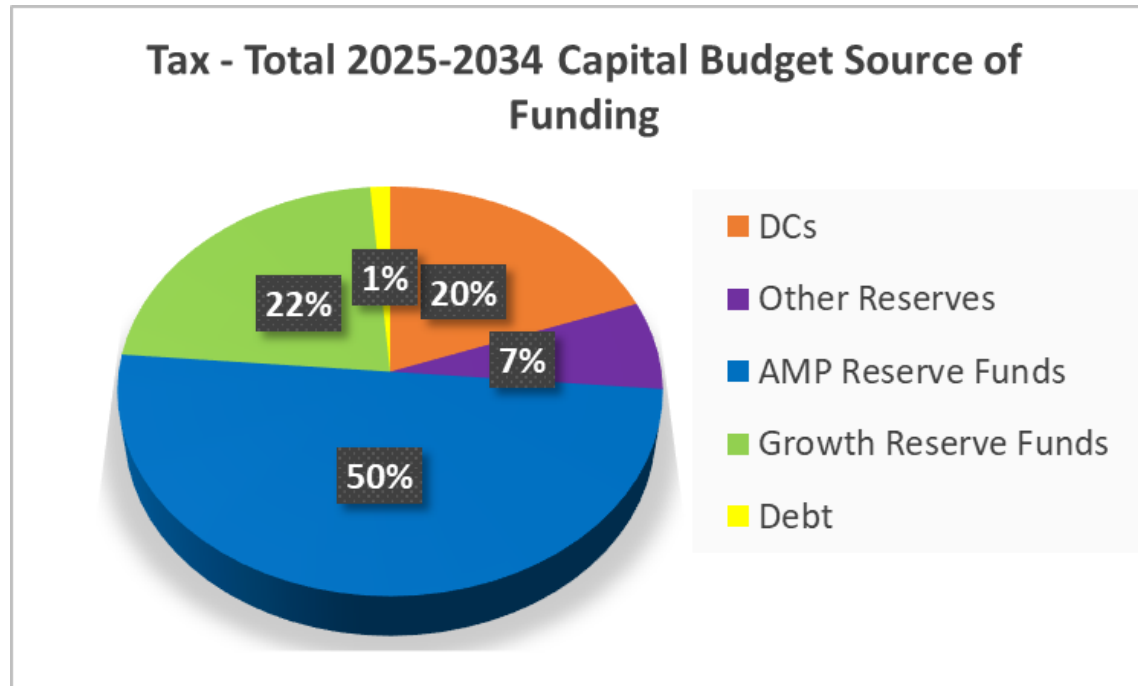
Tax Levy Summary (000s)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Tax Levy</b>	<b>\$ 25,750</b>	<b>\$ 27,913</b>	<b>\$ 30,258</b>	<b>\$ 32,800</b>	<b>\$ 35,555</b>	<b>\$ 38,551</b>	<b>\$ 41,801</b>	<b>\$ 45,312</b>	<b>\$ 49,118</b>	<b>\$ 53,244</b>
Tax Levy % Change		8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%
Assessment Growth *		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Tax Rate Change		7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%

\* Excludes the impact of re-assessment

### Note:

- While the plan is for an 8.4% increase, the actual allocation between growth and rate increases can vary from year to year.
- An annual growth in assessment of 1% (excluding reassessment) has been included in the analysis over the forecast period based on recent trends.
- The net result is an anticipated increase of 7.4% annually for property tax increases.

## Capital Budget – 10 Year - \$232.1 million



- **AMP Capital Reserve Fund** of \$116.05 million, representing 50% of the total Capital Budget
- **Growth Capital Reserve Fund** of \$51.8 million, representing 22% of the total Capital Budget
- **DC Reserve Fund** of \$45 million, representing 20% of the total Capital Budget
- **Other Reserves Funds** of \$16.2 million, representing 7% of the total Capital Budget
- **Debt** of \$3.0 million, representing 1% of the total Capital Budget

# Reserve Management

## Existing Capital Reserves

- 4 individual capital reserves: Roads, General Vehicles, Fire, Facilities
- Capital Reserve Funds are used for capital replacement and growth projects not recovered from development charges and Efficiencies/Improvements

## Observations

- Limited flexibility using separate capital reserves – capital replacement based on funding availability rather than corporate priorities
- Lack of transparency – no new growth vs. capital replacement targets

## Capital Reserve Fund Strategy

### **AMP Capital Reserve Fund**

- Supports existing asset replacements.

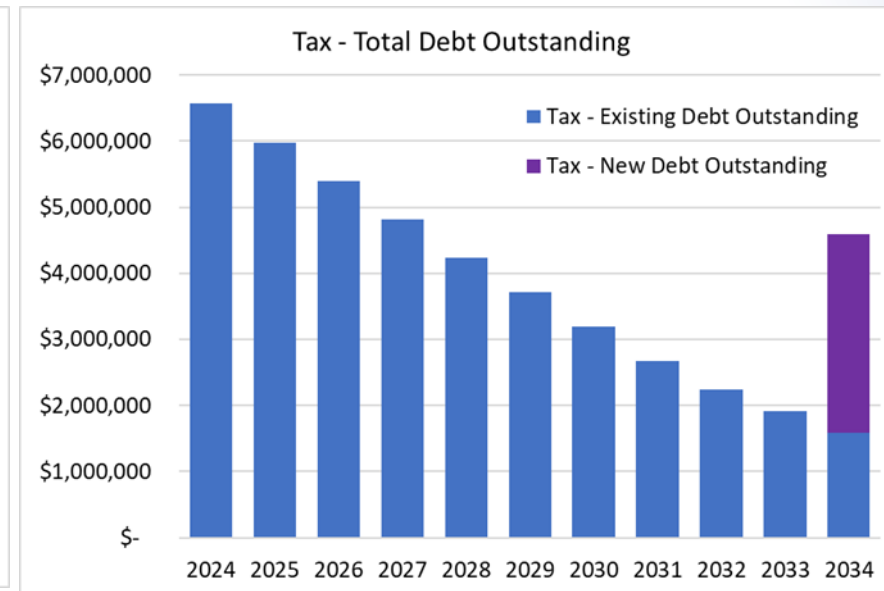
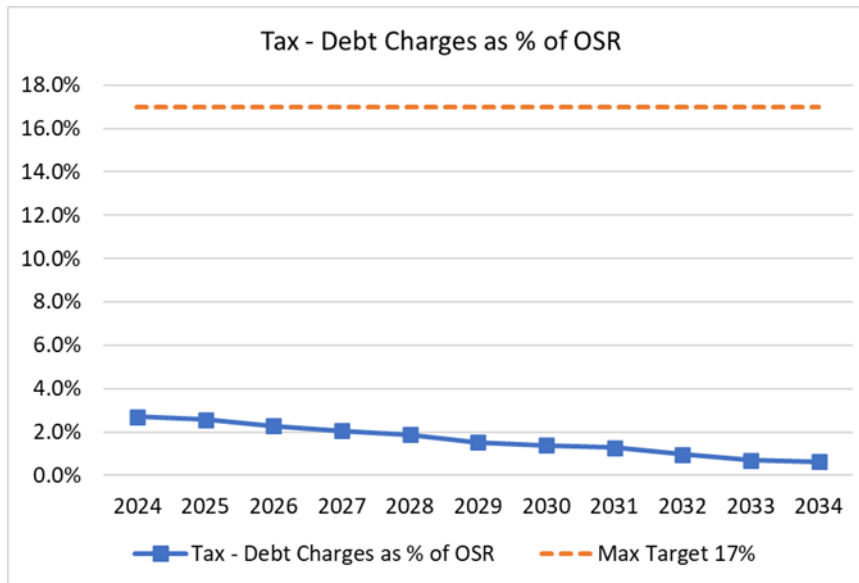
### **Growth-Related Capital Reserve Fund**

- Covers new infrastructure not funded by DCs.

### **Efficiencies/Improvements Reserve Fund**

- Allocates funding for strategic investments.

# Debt Management Strategy

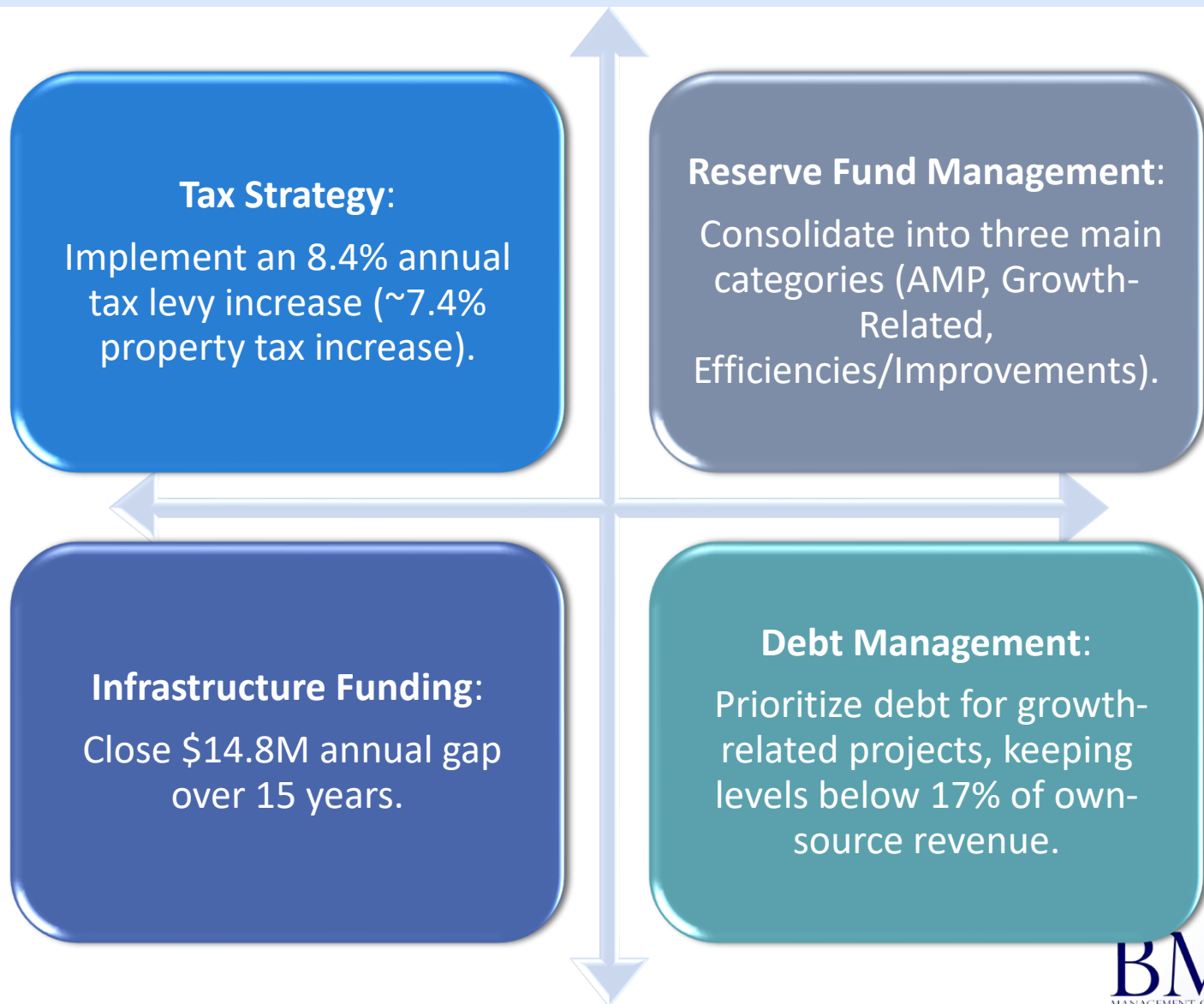


## Debt Management

- Prioritize debt borrowing for growth-related projects to maintain intergenerational equity.
- Keep debt levels below 17% of own-source revenues (OSR), with an absolute cap of 25% per provincial regulations.



## Key Recommendations



## Questions & Answers

Questions  
& Answers

Questions & Answers  
Answers