MISSISSAUGA

Long-Range Financial Planning Strategy

Building a Sustainable Future

Finance

December 2025

CONTENTS

EXECUTIVE SUMMARY

The City of Mississauga is a dynamic and resilient hub within Ontario's economy. As Canada's seventh-largest city, Mississauga has demonstrated adaptability and fiscal strength among its many strengths over the past five years, successfully navigating the challenges of the pandemic to support residents and businesses through unprecedented disruptions.

Lessons learned during this period have reinforced the City's commitment to proactive planning, innovation, and long-term financial stewardship as it grows to a projected population of 1 million by 2051.[1]

Over the next decade, economic growth is expected to continue for the City, supported by population increases and a strong, diversified business base in sectors such as technology, advanced manufacturing, life sciences, and financial services.

Pressures will continue to shape this outlook, including housing affordability, labour market adjustments, climate change, and evolving provincial legislation. Inflation and interest rate variability add further complexity to financial planning. However, the City's mix of economic drivers positions it to adapt and sustain long-term development into the future.

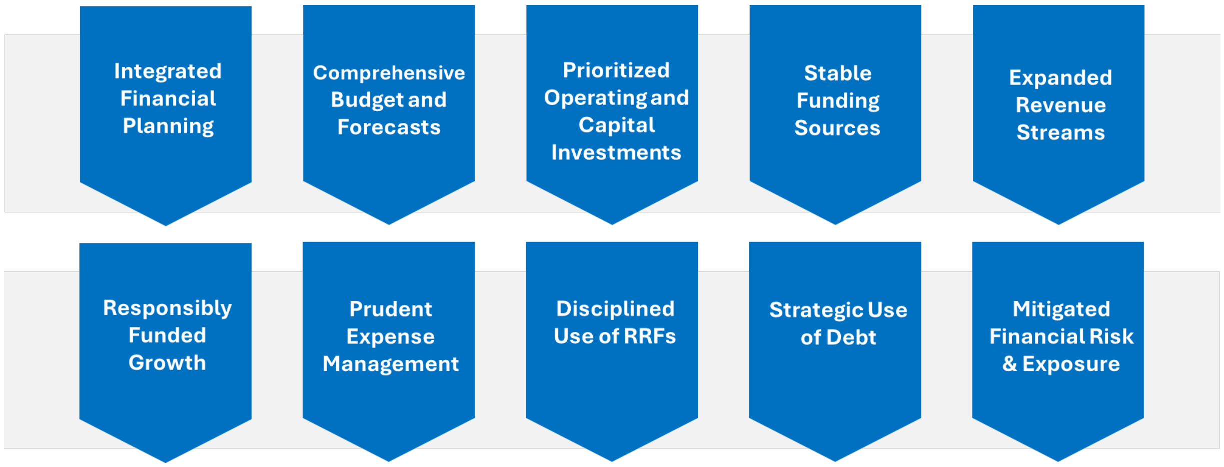
This Long-Range Financial Planning Strategy (LRFP Strategy) has been developed to provide context of the environment today and offer guidance when making important decisions for the City which are sustainable for the present day and future generations.

At the heart of the strategy are 10 Guiding Principles that serve as the foundation for future decision-making. These principles offer an interrelated framework that work in unison rather than in a fixed order, ensuring they remain adaptable and flexible to a wide range of circumstances. Applying them consistently ensures that financial decisions achieve the City's targeted outcomes to ensure sustainability, support financial flexibility, and mitigate vulnerabilities.

Together, they provide a strong foundation for navigating complex and difficult choices, helping to balance priorities as circumstances evolve. While especially valuable in addressing financial pressures, these principles will help Mississauga navigate competing demands in the years ahead.

[1] CoM- Census | City Planning Data

Long-Range Financial Planning Strategy – 10 Guiding Principles



1. **Integrated Financial Planning** – Align long-term strategy with disciplined financial management.
2. **Comprehensive Budget and Forecasts** – Anticipate future needs to mitigate funding gaps.
3. **Prioritized Operating and Capital Investments** – Direct resources where community value is highest.
4. **Stable Funding Sources** – Build predictable revenue to sustain the City during economic volatility.
5. **Expanded Revenue Streams** – Diversify funding to reduce reliance on property taxes and user fees.
6. **Responsibly Funded Growth** – Funding growth related infrastructure through strategical planning of capital programs and active exploring of government funding.
7. **Prudent Expense Management** – Deliver maximum value through ongoing efficiency and innovation.
8. **Disciplined Use of Reserves and Reserve Funds (RRFs)** – Protect stability with targeted, transparent reserves and reserve funds.
9. **Strategic Use of Debt** – Borrow prudently to fund critical infrastructure across generations.
10. **Mitigated Financial Risk and Exposure** – Proactively manage risks to safeguard financial health.

The City has demonstrated a disciplined, forward-looking approach to managing its financial and physical assets that align with the 10 Guiding Principles.

Over the past decade, the City has strategically invested in a wide range of infrastructure assets, from roads and transit facilities to parks, technology, and stormwater systems. Through lifecycle planning, condition assessments, and standardized asset management practices, the City manages an $18.7 billion asset portfolio. Despite these investments, an ongoing infrastructure funding gap (averaging $90 million per year as of the end of 2024) emphasizes the importance of stable, predictable revenue streams.

Decisions to consistently apply tools such as the Capital Infrastructure and Debt Repayment Levy, along with the Public Safety Fire Levy, were leveraged to provide a reliable source of funding to maintain critical assets, strategically issue debt, and preserve intergenerational equity. Conservative debt management, capped at 15 per cent of own-source revenue (funds the City generates independently through its own authority and operations), ensures long-term fiscal flexibility while supporting major capital projects.

Mississauga's growth is shifting to urban intensification, with high-rise and mid-rise developments driving residential expansion. The City needs to plan and deliver the infrastructure required to support complete and sustainable communities. Balancing new infrastructure with maintenance of existing assets is critical to protecting fiscal stability. Achieving these objectives depends on continued collaboration with other levels of governments, ensuring that growth is supported responsibly while safeguarding the City's long-term financial sustainability.

The City is also confronting environmental obligations to address advancing climate change, aging infrastructure, and the demands on stormwater systems, transportation networks, and other municipal assets as a result of a growing population. The dedicated stormwater charge has provided a stable revenue source to fund system upgrades, capital improvements, and flood mitigation, while investments in transit electrification, electric vehicle infrastructure, and sustainable transportation initiatives reduce corporate and community emissions. The City's Climate Change Action Plan (CCAP) demonstrates a commitment to building resilience.

As assessed by the Ministry of Municipal Affairs & Housing (MMAH) financial sustainability and flexibility indicators, the City demonstrates both strength and prudence. Tax collection rates remain strong, discretionary reserves and reserve funds are well above peer averages, and cash ratios reflect a deliberate approach to investing in infrastructure rather than holding excess liquidity.

The City maintains debt servicing well below provincial limits, ensuring fiscal flexibility even as infrastructure investment increases. Capital assets are newer and less depreciated than peers, indicating a strong asset renewal program.

The principles guide the responsible funding of growth, promote innovative revenue streams, and ensure reserves and reserve funds are strategically maintained. They further emphasize proactive risk mitigation to preserve fiscal stability, protect the City's AAA credit rating, and mitigate interruptions to service delivery.

1. INTRODUCTION

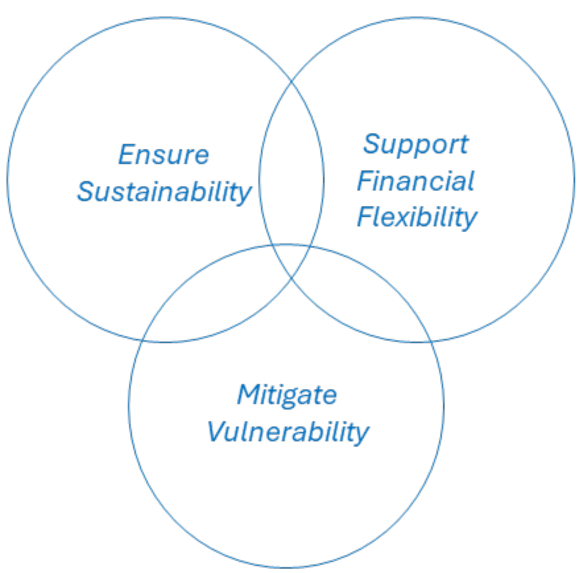
1.1 Purpose

This document presents the City of Mississauga's Long-Range Financial Planning Strategy (LRFP Strategy), which serves as a forward-looking guide that provides context, key trends, and financial strategic direction to guide Council and staff in making informed budget and policy decisions.

The need for this strategy is especially critical today, as the City operates in an increasingly complex environment marked by rising infrastructure funding pressures, constrained revenue, inflationary impacts, and taxpayer affordability concerns. The analysis presented in this document makes clear that without a disciplined and proactive approach, financial flexibility and service sustainability could be at risk.

In response, this strategy establishes a set of 10 Guiding Principles that translate the lessons from the past and the realities of today's environment into actionable direction for the future. The principles are grounded in best practices from the Government Finance Officers Association (GFOA) and aligned with Mississauga's financial policies to achieve the targeted outcome of ensuring sustainability, supporting financial flexibility, and mitigating vulnerabilities.

Figure 1: Targeted Outcomes Achieved Through Guiding Principles



Ensure Sustainability
How the City can meet current and future financial obligations while protecting long-term stability. Assessing the impact of today's decisions on future budgets.

Support Financial Flexibility
How the City can adapt to changing economic, policy, or environmental conditions by adjusting strategies and allocating resources without compromising overall objectives.

Mitigate Vulnerability
How financial risks such as revenue dependence, cost pressures, or market shifts can be addressed to strengthen City resilience and safeguard financial health.

1.2 Framework

➢ The LRFP Strategy is based on a framework that aligns financial planning with City priorities, incorporates external and internal assessments, reviews historical performance, and highlights key themes and emerging pressures. This leads to the establishment of the 10 Guiding Principles for long-term financial sustainability.

City Priorities

The City's priorities ensure alignment between financial planning and strategic direction. The Strategic Plan, Corporate Asset Management Plan, and Master Plans provide policy and operational context to guide long-term decision-making (Appendix 1).

External Assessment

Macroeconomic, demographic, and policy factors, along with externally influenced elements of the SWOT analysis are assessed. While future market and policy conditions are uncertain, this assessment provides directional guidance rather than fixed predictions.

Internal Assessment

Review of the City's financial position, operational capacity, and resource management highlight strengths such as well-maintained reserve balances and asset conditions. Risks such as funding constraints and lifecycle challenges identify strengths to be leveraged for the future.

Key Themes and Historical Performance

Financial assessment of the past reflects the City's strengths and the lessons learned over time. A 10-year historical financial review contextualizes past performance, identifies effective decisions, and highlights emerging pressures. Benchmarking using MMAH financial indicators provides KPIs to measure financial sustainability and flexibility.

Guiding Principles for Long-Term Resilience

The 10 Guiding Principles reinforce integrated planning, responsible fiscal management, and strategic investment. Anchoring decisions in these principles ensures the City can navigate fiscal uncertainty while maintaining service excellence.

2. ENVIRONMENTAL SCAN

2.1 Macroeconomic Environment

- The City should anticipate the future to be shaped by macroeconomic forces including slower economic growth, affordability pressures, evolving demographics, climate impacts, technological change, and shifting legislation.
- These realities bring both challenges and opportunities: they will test Mississauga's ability to balance rising costs with existing revenue, but also reinforce its role as a resilient, diverse and sustainable entity.
- How the City responds to, and plans for the future, will set the foundation for sustainable growth and service delivery in the decades ahead.

2.1.1 Economic Growth and Productivity

Over the next decade, economic growth in both Ontario and Mississauga is expected to continue, but at a slower pace[2] than what has been experienced in the past decade. This slowdown is driven by a projected decrease in labour force growth, partly resulting from an aging population. Although immigration will help sustain population and workforce growth, overall productivity gains are anticipated to be modest compared to past decades. Slower provincial economic growth will have a direct impact on municipal revenue, as government revenue growth is closely tied to economic performance.

As Ontario's second largest economy, Mississauga is well-positioned to capitalize on key growth drivers. Population increases, primarily fueled by immigration and urbanization, will continue to shape the City's development, reinforcing its role as a major urban and economic hub within the Greater Toronto Area (GTA). The City's diverse and resilient business base which spans technology, advanced manufacturing, life sciences, aerospace and aviation, financial services and smart logistics[3] will benefit from economic diversification and innovation. These sectors are expected to remain central to Mississauga's long-term growth strategy, especially as global market trends and technological adoption reshape industry dynamics.

Strategic investments in infrastructure will be critical to sustaining this growth. Mississauga's ongoing efforts in transit expansion, green infrastructure, and supporting housing development are designed to address current needs while preparing the City for future demand. These projects not only support economic activity but also align with broader sustainability goals, positioning Mississauga as a leader in climate-conscious urban development.

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[2] Ontario's Long-Term Report on the Economy 2024
[3] CoM- Economic Development Annual Report 2024

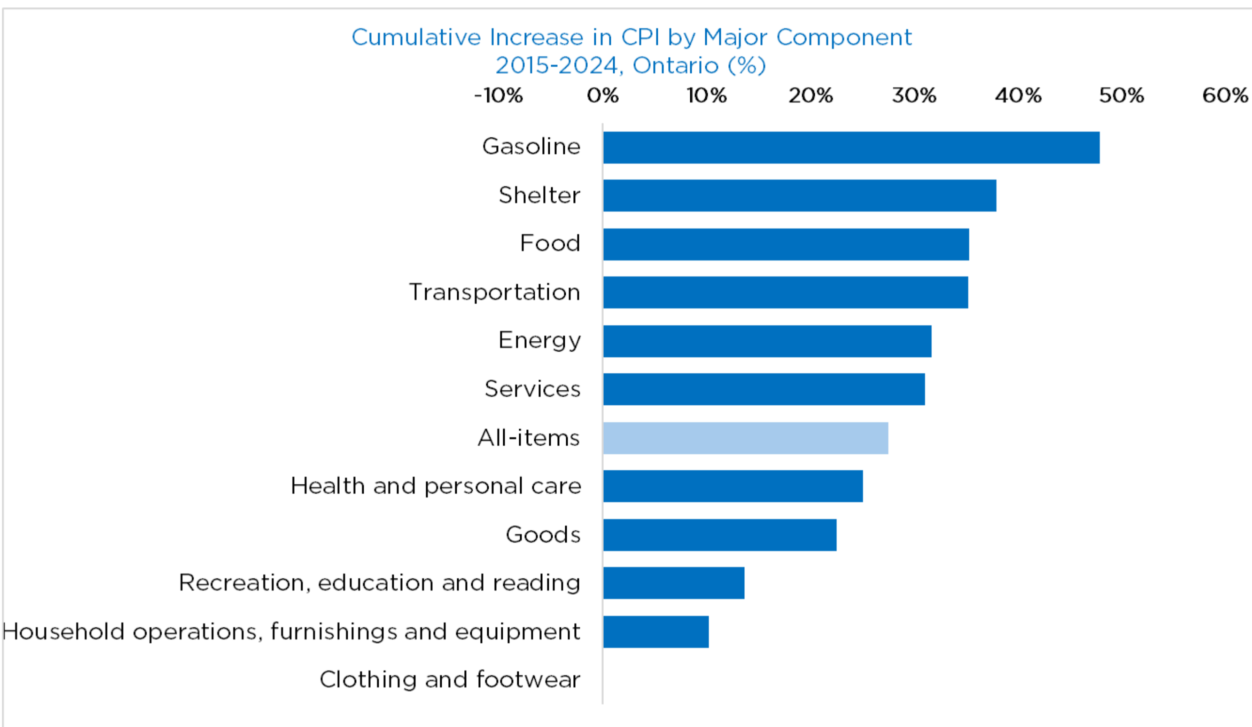
The City has a prominent role as an international business hub, including being the home to Canada's largest aerospace and aviation cluster with strengthened global trade and supply chain trends, particularly in automotive innovation, electric vehicles, and agri-food, which will continue to influence local economic performance.

On the municipal level, increased economic activity is expected to boost revenue through growth in the property tax base, and business investment. This additional revenue will help support the City's long-term infrastructure and service needs, but only if they are carefully managed against the rising cost of service delivery and slower provincial revenue growth. In this context, Mississauga must continue to leverage its economic strengths while adopting financially resilient, forward-looking policies to ensure equitable and sustainable urban development.

2.1.2 Affordability Crisis

Within Canada and particularly in Ontario, a significant affordability crisis is on the rise that affects various aspects of daily life including housing, healthcare, childcare, food security, and education.

Figure 2: Cumulative Increase in CPI 2015–2024



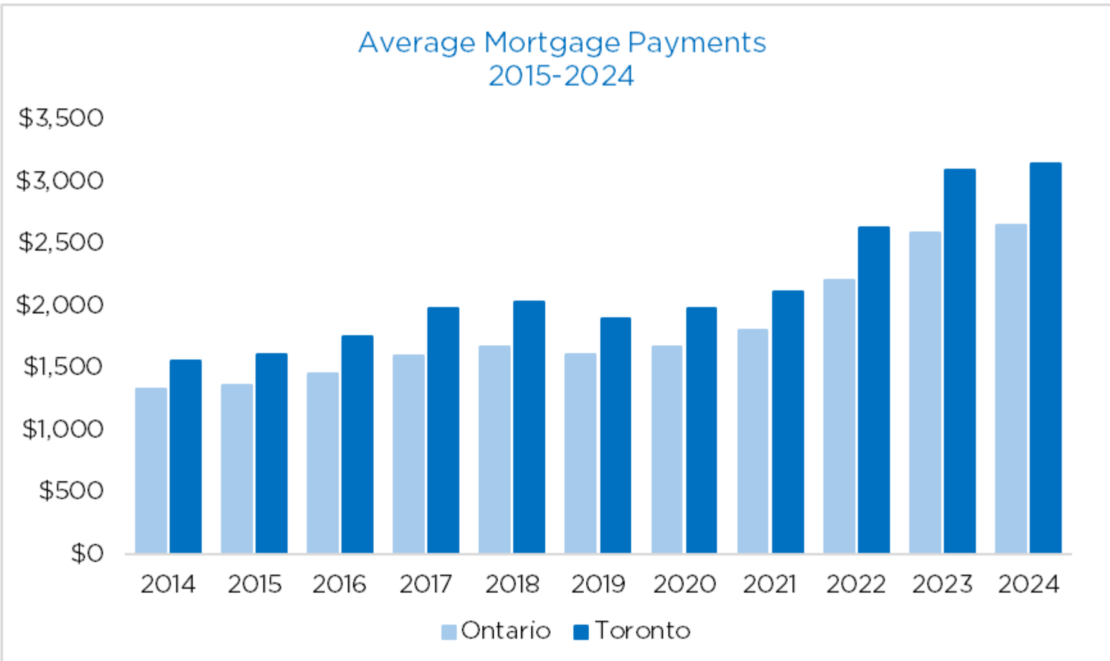
The cumulative increase in the Consumer Price Index (CPI) from 2015 to 2024[4] can be seen in Figure 2 by major component. Gasoline experienced the highest increase at nearly

[4] Statistics Canada- Consumer Price Index, annual average, not seasonally adjusted

50 per cent, followed by shelter, food, and transportation all with increases above 30 per cent.

In addition to the rising overall cost of living, mortgage payments[5] are consuming a growing share of household incomes, leading to reduced discretionary consumer spending. In Ontario, the average monthly mortgage payment increased 95 per cent from 2015 to 2024 as illustrated in Figure 3, with a sharp increase beginning in 2022.

Figure 3: Average Monthly Mortgage Payments for Ontario and Toronto, 2015–2024



Toronto consistently experienced slightly higher increases than Ontario overall and being a neighboring city and part of the GTA, Mississauga's trends tend to follow suit. As a result, Mississauga's local economy, particularly in accommodation, retail, and entertainment, may experience slower growth or a reduction in growth.

Potential first-time homebuyers may delay purchasing a property due to economic uncertainty or may opt to move further away from the City where housing is more affordable. In comparison, higher-income households may move into the City, altering the community and service level expectations. For the City, this can lead to increased demand for social support and services, such as providing incentives for affordable housing and transit to bridge the gap for vulnerable populations.

[5] CMHC- New Mortgage Loans: Average Monthly Payments

2.1.3 Labour Market

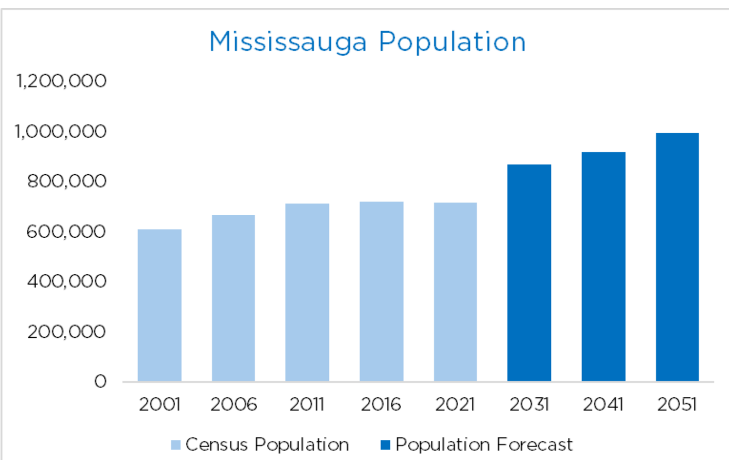
The current labour market poses many challenges for Mississauga as a business hub and economic center. In 2024, Mississauga's unemployment rate was 8.8 per cent[6], similar to other large urban cities like the City of Toronto which averaged 8.4 per cent[7]; this was higher than the provincial average of seven per cent[8], and trending upwards from the last three years.[9] The unemployment rate in Ontario disproportionately affects people with certain characteristics such as youth, lower education levels and recent immigrant status.

Several demographic factors affect Mississauga's labour market: workers nearing retirement age[10], slowing immigration growth, skill mismatching, and worker readiness for new technologies. An aging population means that as employees retire, there may be skill shortages in key industries. Immigration policies in recent years have helped counter the effects of an aging population by bringing in a younger demographic that supports economic growth and improves age balance. However, recent federal policies to reduce immigration rates could slow this growth, decreasing the number of young, working-age individuals and affecting economic progress and demographics.

2.1.4 Population Growth and Housing Demand

Between the 2001 and 2021 census periods, Mississauga's population grew from 612,925 to 717,961[11], adding approximately 105,000 people over 20 years, which is an increase of 17 per cent. Mississauga's growth forecast, approved by Ontario's Ministry of Municipal Affairs and Housing, projects significant increases in population and employment, with targets of 995,000 residents and 590,000 jobs by 2051.

Figure 4: City of Mississauga Census Population (2001–2051)



Historically, Ontario has seen a higher proportion of immigration compared to other provinces; this trend is expected to continue. As many migrants tend to settle in metropolitan areas, Mississauga's net population growth will be fueled by immigration in the short and long term.

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[6] CoM- Economic Indicators, updated June 2025
[7] City of Toronto 2024 Average Unemployment Rate
[8] Ontario- Labour market Report, December 2024
[9] CoM- Economic Indicators, updated June 2025
[10] CoM- 2021 Census Hub
[11] CoM- Census | City Planning Data

Immigrants make up 53 per cent[12] of the population, and as immigration continues to increase, the young migrants settling around the City will help maintain the working-age population.

Housing starts in Q1 2025 totaled 12,700 units in Ontario, a 20 per cent drop from the 15,900 units started in Q4 2024. This marked the lowest level of housing starts since Q4 2009. In Q1 2025, 80 per cent of total housing starts were multiple unit dwellings, while 20 per cent were single, detached homes. Home building has been negatively affected by high construction costs and weak sales as households continue to face housing affordability challenges.[13]

Supporting rapid population growth requires continued effort from the City in planning for the success of newcomers in the community and the labor force. To meet housing demands as legislated by the *More Homes Built Faster Act*, the Mayors Housing Task Force has been working to incentivize new housing in Mississauga, emphasizing a range of dwelling types that can accommodate more non-traditional styles of households. The expansion and shift in population may increase or transform demand for services, infrastructure, and equitable planning.

2.1.5 Technology

The increasing adoption of AI, machine learning, Internet of Things, and real-time analytics will transform municipal planning and operations, necessitating ongoing investments. The scope of digital service delivery is expanding, with new online platforms designed to enhance the resident experience, such as tax self-service, pet registration, and recreation program enrollment in order to improve service responsiveness and community engagement.

The City is actively integrating advanced technologies into its urban systems and public services. Together, these technologies provide comprehensive management of the City's technology infrastructure, business solutions and digital public services, guided by the City's IT Master Plan and the Smart City Master Plan. Modernizing and maintaining the City's IT infrastructure is essential to ensure optimal performance and support the seamless delivery of municipal services.

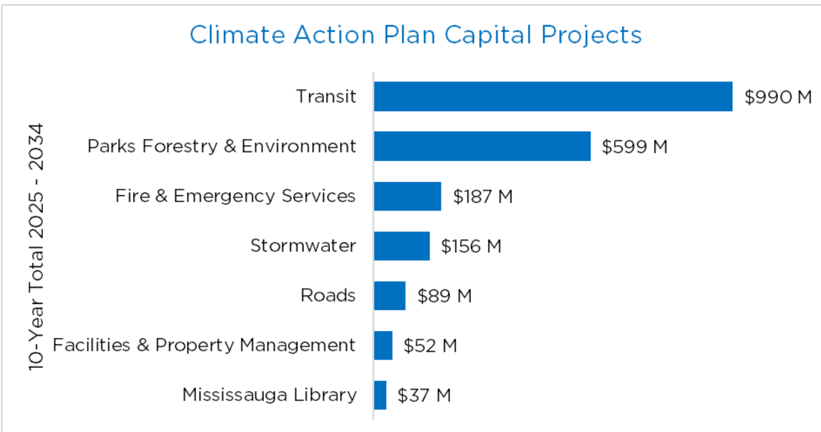
2.1.6 Climate and Environmental Sustainability

Climate change is a global reality marked by rising temperatures, shifting precipitation patterns, and more frequent extreme weather events. Canada is experiencing these impacts at an accelerated pace, warming at twice the global average. As major contributors to emissions, cities are also on the front lines of managing the growing financial and social costs of climate adaptation.

[12] CoM- Census | City Planning Data
[13] Financial Accountability Office of Ontario- Ontario Economic Monitor: October 2024 to March 2025

Mississauga has experienced growing intensity and frequency of severe weather events such as rainstorms, extreme heat, ice storms and droughts that are directly attributed to climate change. Damage to homes, businesses, shorelines, roads and other infrastructure is costing millions of dollars in cleanup and repairs, as well as impacting the lives of residents and wildlife.

Figure 5: Mississauga's 10-Year Climate Action Plan Projects



In 2019, Mississauga City Council declared a climate emergency and adopted the CCAP.[14] The plan, which is currently being updated, aims to decrease the City's carbon footprint and prepare for the effects of a changing climate. Further details can be found in the CCAP, the Transportation Master Plan and the Build Beautiful: Stormwater Master Plan.

2.1.7 Impacts of Regulatory or Legislative Changes

Municipalities across Ontario are navigating a period of significant regulatory and legislative change that is reshaping how they plan, fund, and deliver services. Recent provincial initiatives aimed at accelerating housing supply, reforming development charges, and streamlining planning processes have altered traditional revenue tools and shifted greater financial risk to the local level.

The City of Mississauga faces a complex and evolving external environment with financial implications for its long-range planning. Concurrently, shifting federal and provincial policy agendas introduce uncertainty around funding commitments and regulatory framework that could jeopardize key City projects.

Within the last five years, the Provincial government has enacted various legislations resulting in significant changes to Development Charges.

As of 2025, proposed legislation from the province, with agreement amongst lower-tier municipalities in the Region of Peel, will transfer responsibility for regional roads, stormwater infrastructure, and waste collection to the respective municipalities of Mississauga, Brampton and Caledon. The exact nature, timing, and impacts of this

[14] https://www.mississauga.ca/city-of-mississauga-news/news/mississauga-strengthens-its-commitment-to-climate-action/

potential transition remain unclear, complicating the City's ability to plan and budget effectively for the future.

Taken together, these changes present opportunities for greater local autonomy but also heighten fiscal pressures, requiring municipalities to adapt their long-range financial planning to ensure stability, resilience, and the continued delivery of essential services.

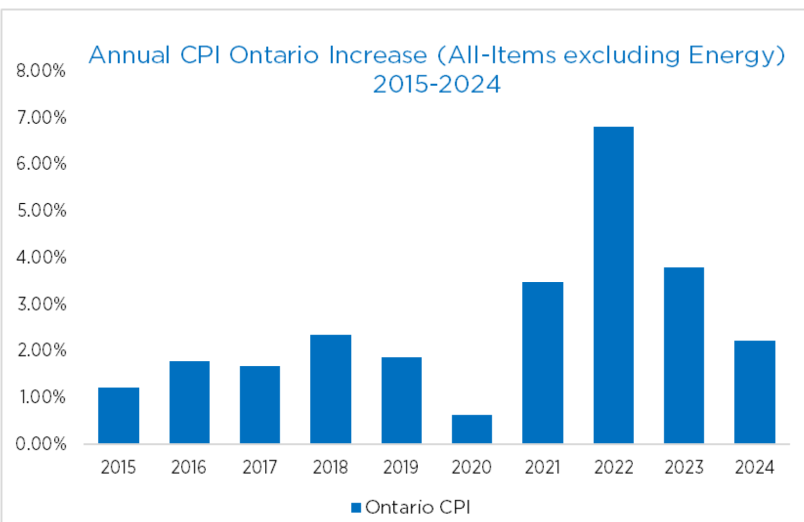
2.1.8 Inflation

Inflationary pressures are increasingly impacting the City's procurement process, leading to higher costs for goods, services, and construction projects. Inflation-driven cost escalation affects project timelines and limits the city's ability to achieve the same value from allocated funds as in prior years.

U.S. trade actions threaten to increase local business' operating costs, potentially leading to job losses and reduced investment which are factors that could constrain the City's economic growth and revenue base.

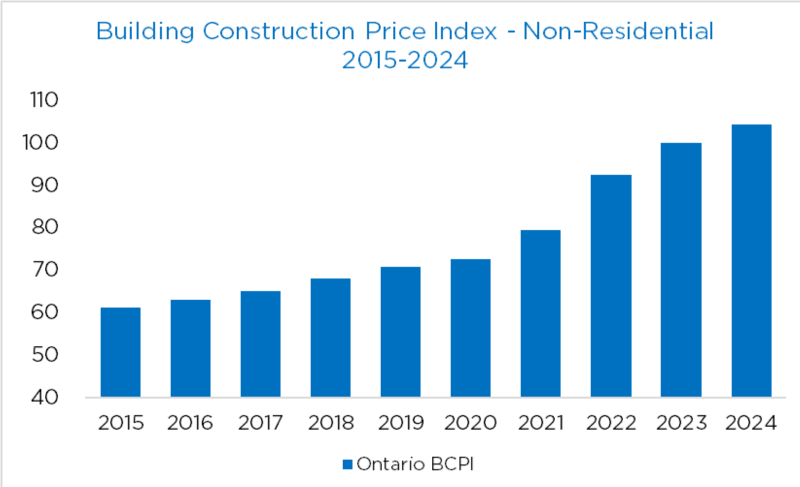
The CPI impacts municipal finances in Ontario by influencing the cost of delivering services, maintaining infrastructure, and negotiating labour agreements. Figure 6 data depicts Ontario's CPI increase from 2015 to 2024, illustrating that inflation remained relatively stable for much of the past decade but spiked sharply in 2022 due to the COVID-19 pandemic, reaching nearly seven per cent before moderating in subsequent years.

Figure 6: Ontario CPI Increases 2015–2024



These inflationary pressures significantly increase municipal operating and capital costs, as many expenditures such as wages, contracted services, and construction are tied to CPI.

Figure 7: BCPI – Non-Residential, Toronto 2015–2024



The Building Construction Price Index (BCPI) measures changes in contractors' prices for new buildings including materials, labour, equipment, overhead, and profit (excludes taxes, land, design, and real estate fees). This Index helps municipalities assess the impact of construction cost changes on capital spending. Figure 7 highlights a steady increase since 2015 with a sharp rise beginning in 2021.

2.1.9 Interest Rates

The current economic environment presents significant uncertainties, making it difficult to predict interest rates over the next 10 years. Nevertheless, a reasonable assumption is that rates will vary between three per cent and five per cent, which can serve as a basis for long-range financial planning.

According to Ontario's Long-Term Report on the Economy 2024[15], longer-term rates such as the 10-year Government of Canada bond rate, are expected to average 3.5 per cent over the projection period of 2024 to 2046.

As a highly rated (AAA) municipal corporation, the City of Mississauga receives one of the best borrowing terms and conditions of any municipality in Canada, along with the Region of Peel. As the Region of Peel is the legal borrowing agent on behalf of the City, it is important that the Region also maintains a very high credit rating (which it does at AAA) for any issued debt to receive a borrowing rate in line with its creditworthiness.

Given that borrowing rates are market-determined and all debt issuers in the marketplace are "price-takers," the City has no control over what interest rates will be charged for any debt that is issued. By maintaining a prudent approach to financial management, the City is sure to maintain its high credit rating, thereby ensuring it always receives relatively lower borrowing rates available.

[15] Ontario- Long-term Report on the Economy 2024- Chapter 2: Economic Trends and Projections 2024

2.2SWOT Analysis

- The City maintains a strong economic base, fiscal discipline, and a diverse community, yet faces pressures from aging infrastructure, limited revenue tools, and growing service demands.
- New opportunities in technology, governance reform, and commercial growth can strengthen long-term resilience if leveraged strategically.
- The City must remain aware and vigilant against threats such as environmental impacts, affordability pressures, policy shifts, and global economic uncertainty.

Strengths: Mississauga possesses many key strengths that contribute to its strong economic position, high quality of life, and long-term financial resilience.

- Centrally located within the GTA, Mississauga is a vital hub of connectivity and commerce. Its proximity to Toronto, access to a vibrant waterfront along the Lakeshore, and excellent transportation infrastructure including major highways and Toronto Pearson International Airport make it a desirable destination for residents, businesses, and tourists
- Mississauga is home to Ontario's second-largest economy, with a strong commercial base that creates employment opportunities and fosters growth
- The City's diverse, multigenerational, and multicultural population enriches its social fabric, fueling innovation and inclusivity that contribute to local economic growth
- The City's commitment to fiscally sound policies, healthy reserves management, and positive financial outcomes is reflected in its AAA credit rating from Standard & Poor's Ratings Services for 22 years in a row as of 2024, underscoring its exceptional financial health and governance
- Continuing the selective use of debt as a funding mechanism for projects will result in assets with a useful life of 10 years or more for future generations to enjoy and use

Weaknesses: While Mississauga benefits from many strengths, it also faces significant internal challenges that must be addressed to ensure sustainability.

- An infrastructure gap, driven by insufficient capital funding for State of Good Repair (SGR) projects, is further exacerbated by aging assets, extended multi-year project timelines and rising costs
- A slowdown in assessment growth increases the City's dependence on the existing tax base, affecting its ability to fund services and maintain infrastructure

- Limited revenue growth and the absence of flexible revenue generating tools place added pressure on the City's budget

- Funding from senior levels of government is subject to policy changes and shifting priorities

- Increased service demands continue to strain City resources, while car-dependent communities highlight the need for enhanced transit solutions and infrastructure maintenance to support a growing population

- The City currently lacks dedicated tools to measure the impact of inflation on procurement and contractor costs, resulting in more reactive decision-making. An upcoming software upgrade will change this by providing detailed data on procurement trends and contractor performance, enabling proactive cost control and better long-term planning

- The City has limited influence over regional governance and funding decisions. The city's ability to shape regional policies and budgets is constrained by governance structures and legislative frameworks beyond the city's control. Despite contributing a significant share of regional operations, the city has limited voting power which restricts its influence over critical decisions, including policing and other regional services. Legacy funding formulas, such as MPAC assessments and the 50 per cent Regional Councillor vote requirement, further limit Mississauga's control and flexibility in addressing local priorities

Opportunities: Building on its strengths and addressing existing challenges, Mississauga has several opportunities to enhance its resilience, stimulate growth, and improve long-term sustainability.

- Securing funding commitments from senior levels of government, particularly through legislative reforms would reduce reliance on the property tax base as the primary source of revenue, enabling the City to invest in critical infrastructure and services without placing additional pressure on taxpayers

- Partnering with the Association of Municipalities Ontario, Ontario Big City Mayors, and other organizations for unified advocacy

- Pursuing innovative funding models such as partnerships with private entities and neighboring municipalities could unlock new avenues for collaboration and efficiency

- As Mississauga assumes responsibility for land-use planning, waste management, and roads infrastructure from the Region of Peel, the City would achieve greater local control through streamlining decision-making and eliminating regional coordination delays. An opportunity exists to reduce administrative costs, identify efficiencies and gain full budget autonomy which could benefit the taxpayers of Mississauga

- The City has opportunity to grow its commercial tax base by attracting new businesses and retaining existing ones. Researching targeted strategies to support commercial development will enhance revenue stability and support long-term financial sustainability

- Embracing technology to optimize decision-making and boost operational efficiency will also be crucial in maintaining Mississauga's competitive edge. The City's growth in the technology and green economy sectors positions it to attract investments and reduce long-term financial costs

- Work being done on the downtown and refer the Mayor's Housing Task Force to address affordable housing and urban development

Threats: While Mississauga continues to build on its strengths and pursue new opportunities, it must also navigate a range of external challenges that could hinder its progress, financial stability, and long-term resilience.

- Environmental risks such as climate change and flooding demand proactive planning to safeguard the City's infrastructure and residents

- Economic uncertainties are widespread in today's environment and pose additional challenges to financial stability including high inflation, rising costs, changing demographics, shifts in service demands from residents, and housing affordability

- Geopolitical impacts of global trade could indirectly impact Mississauga through increased construction and material costs, constrained supply chains, and potentially reduced intergovernmental funding availability

- Shifts in provincial or federal policies, along with dependence on senior government funding, could disrupt the City's ability to finance large-scale projects

- Public health crises and emergencies remain an unpredictable variable requiring robust contingency plans

- As service delivery and infrastructure management become increasingly digital, the City faces potential threats such as data breaches, system outages, and service disruptions

3. KEY THEMES OF THE CURRENT ENVIRONMENT

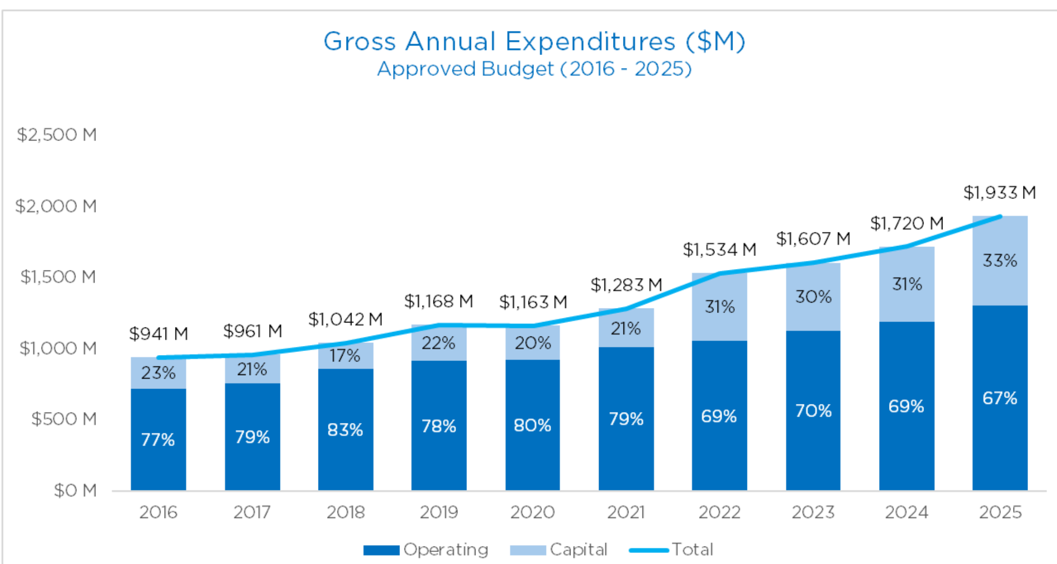
This section is structured into five key themes that explain how the City manages its assets, funds growth, and plans for the future, while also identifying potential pressures that must be addressed and mitigated to protect long-term stability.

3.1 Managing Expenses to Balance Service and Affordability

- Costs to deliver services and maintain infrastructure have nearly doubled over the past decade, positioning the City to meet the needs of a larger, more diverse, and aging city.
- The capital program has tripled in the last decade, with a greater share now focused on repair and renewal to ensure reliable service delivery.
- Property tax growth has been carefully managed, supported by reserves, reserve funds, and external funding, to ease pressures on taxpayers while maintaining quality services.
- While inflation, interest rates, and changing demographics create challenges, the City is actively monitoring these factors to maintain financial sustainability and protect affordability.

Historical Review:

*Figure 8: Gross Annual Budget Expenditures (Inclusive of Stormwater) 2016–2025**



*Council approved in each respective year, does not include in-year adjustments
**Cumulative Average Growth Rate (CAGR)

Mississauga's annual costs to deliver services and maintain infrastructure have nearly doubled over the past decade, growing from under $1 billion in 2016 to $1.9 billion in 2025 (inclusive of $1.3 billion gross operating budget and $0.6 billion gross capital budget).

Expenditures in recent years (2021–2025) grew 10.8 per cent (CAGR)** which is double the growth of the previous five years (2016–2020) at 5.4 per cent. This is a direct reflection of rapid increases in inflation, construction costs, and wage pressures which are significantly driving up the cost of delivering services and completing capital projects.

Operating costs have grown steadily over the past decade, rising from $0.7 billion in 2016 to $1.3 billion in 2025. While labour costs remain the largest expense, as is common in the municipal sector, a growing share of the budget is directed to reserves, reserve funds and debt repayment to fund future infrastructure needs, specifically non-labour expenditures (Appendix 2).

These impacts were reflected in the City's largest source of revenue Property taxes have reflected the City's evolving economic and community landscape. Periods of growth, pandemic-related disruptions, and shifting cost pressures have all influenced budget planning and tax levels. Through prudent financial management, the City has balanced the need to sustain services and invest in infrastructure while supporting residents and businesses during times of change.

The capital budget has nearly tripled over the past decade, growing from $0.2 billion in 2016 to $0.6 billion in 2025. While past investments focused on expansion to support growth, nearly half of the capital budget is now dedicated to state of good repair (Appendix 3). This shift reflects the City's maturity, with capital priorities balancing growth demands and the renewal of existing infrastructure.

In contrast to the nature of annual operating expenditures which are short-term, recurring costs, capital expenditures are non-recurring investments and span multiple years, resulting in capital Works in Progress (WIP) monitoring report (Appendix 4).

Monitoring Potential Pressures:

Financial pressures from persistent inflation, shifts in demographics and service demands could impact how the City delivers services while managing constrained resources.

Current cost pressures coincide with taxpayer affordability challenges, limiting the City's ability to raise revenue to minimize financial strain on households and businesses.

Economic uncertainty may also weaken assessment growth and tax revenue if businesses close or investment slows, further tightening fiscal capacity.

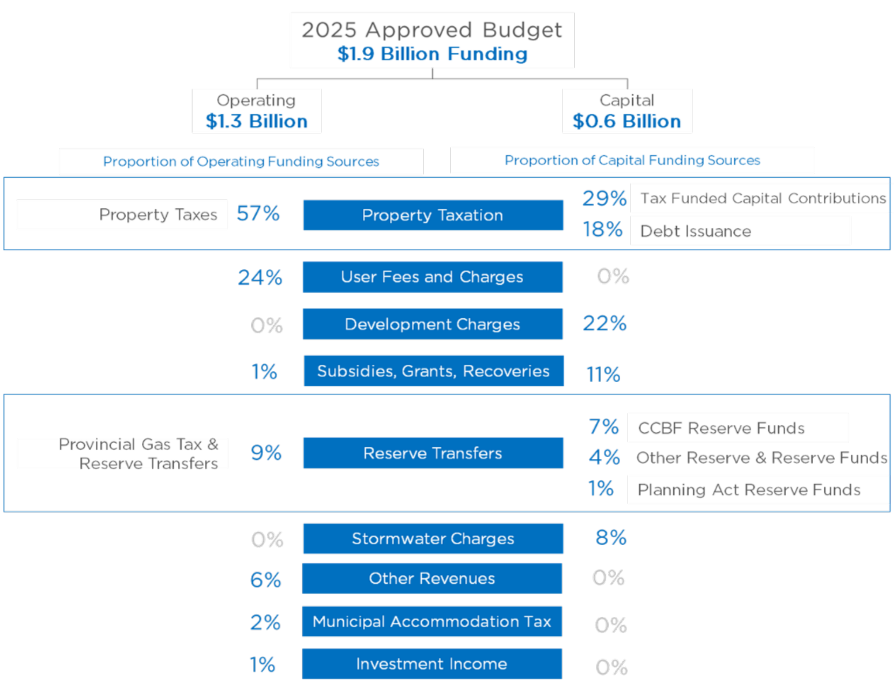
Construction volatility and supply chain disruptions heighten the risk of cost overruns, while higher interest rates increase borrowing costs for infrastructure renewal.

3.2 Stabilizing and Increasing Revenue

- The City funds its operating and capital budgets through a balanced mix of tax and non-tax revenue, which has supported stable service delivery and investment over the past decade.
- Property taxes remain the largest and most stable revenue source, while user fees, Provincial Gas Tax and reserve and reserve fund transfers play an increasingly important role in supporting day-to-day operations.
- The pandemic highlighted the volatility of non-tax revenue, reinforcing the importance of reserve and reserve funds, and senior government support to maintain stability.
- The capital budget is funded through a more diversified mix, with tax contributions, development charges, grants, and stormwater charges together enabling growth, renewal, and environmental adaptation.
- Reserves and reserve funds provide a critical buffer against volatility and promote fiscal stability.
- Looking ahead, the City may face pressures due to limits on municipal revenue tools, public sensitivity to property tax increases and user-fee affordability.

Historical Review:

Figure 9: Sources of Revenue to Fund the 2025 Operating and Capital Budgets



The City funds its $1.9 billion operating and capital budgets (2025) through a balanced mix of tax-supported and non-tax revenue sources.

This diversified approach enables the City to maintain service levels, invest in infrastructure renewal, and respond to emerging fiscal challenges.

Revenue Sources Funding Operating

The $1.3 billion operating budget (2025) is funded primarily by property taxes (57 per cent) as the foundation of operating revenue grew steadily at 5.9 per cent (CAGR) annually over the past decade. Non-tax revenue makes up the remaining revenue (43 per cent) and is led by user fees, Provincial Gas Tax and reserve and reserve fund transfers, growing slightly faster than property taxes at 6.6 per cent (CAGR).

Figure 10: Proportion of Mississauga's Non-Tax Revenue Funding Operating (2015–2024)

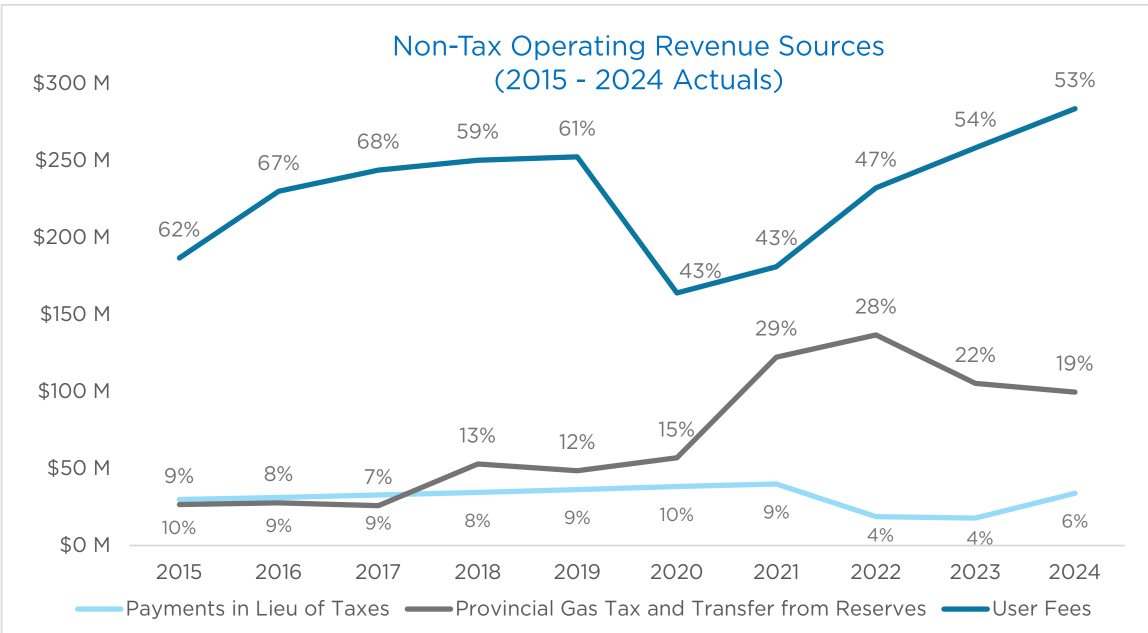


**Chart depicts the actual Proportion of Non-Tax Revenue in relation to funding for the past 10 years of actuals.*

User fees are the largest source of non-tax revenue. Over the past decade, they grew at an average rate of 4.8 per cent (CAGR) as the City balanced service costs with affordability. Revenue climbed steadily until 2019 but dropped sharply in 2020, decreasing from 61 per cent to 43 per cent of non-tax revenue sources that year due to the pandemic.

To offset losses, the City deferred fees, drew on reserves, and leveraged provincial programs such as the Safe Restart Agreement.

Transfers from reserves and reserve funds and the Provincial Gas Tax made up 19 per cent of non-tax revenue in 2024, growing from nine per cent in 2015. Provincial Gas Tax funds support transit operations, while reserves buffer against unexpected costs and budget volatility.

Payments in Lieu of Taxes (PILT) contribute about six per cent of non-tax revenue, with the Greater Toronto Airports Authority as the largest source. However, PILT revenue has declined significantly over the last decade due to formula limitations and pandemic impacts. The two-year lag and five per cent growth cap create a mismatch between airport recovery and municipal funding While temporary provincial measures have provided some relief starting in 2024, the persistent gap continues to strain property taxes and complicate long-term planning

The experience of the pandemic demonstrated the limits of municipal revenue tools and the volatility of non-tax revenue, reinforcing the need for reserves and provincial support. Since 2022, non-tax revenue has seen steady growth, demonstrating recovery and stabilization.

Revenue Sources Funding Capital

To support capital investments, the City employs a more diversified funding approach. The $0.6 billion 2025 Capital Budget is primarily funded by tax-based contributions (47 per cent) and development charges (22 per cent) making up the majority (Figure 10). Other significant sources include government grants (11 per cent) and stormwater charges (8 per cent).

Grants and recoveries from other levels of government play an important role in advancing the City's capital priorities. While these funds are most often directed toward large-scale infrastructure and growth-related projects, they provide valuable opportunities to enhance City services and expand capacity beyond what property tax and reserves alone can support.

Continuous efforts are being made by staff to seek opportunities to maximize this source of funding. Some key grants that fund the annual capital budget from 2025 onwards include:

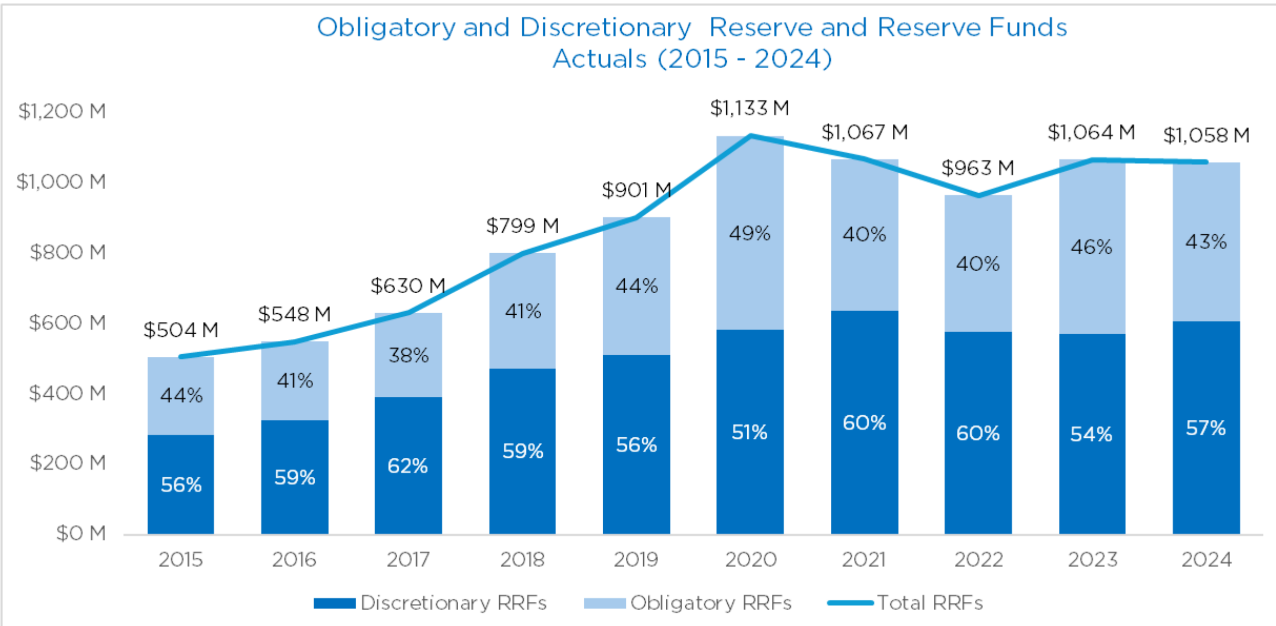
- *Canada Community-Building Fund* provides stable, long-term funding to support infrastructure projects, including transit, roads, water systems, and recreation facilities
- *Metrolinx Partnerships* and funding provided through Metrolinx primarily for transit-related projects, including GO Transit expansions and enhancements to the MiWay system
- *Investing in Canada Infrastructure Program (ICIP)* provides funds for public transit, green infrastructure, community, culture, and recreation projects. For example, the City has used ICIP funding to expand its MiWay transit services and improve road networks
- *Housing Accelerator Fund* provides funding for affordable housing projects to address homelessness and housing affordability challenges

Note: Further assessment on tax-based contributions, development charges and stormwater charges will be discussed in Section 3.3 Sustaining Infrastructure Over Time, 3.4 Sustainably Managing Growth, and Section 3.5 Addressing Environmental Obligations

Reserve and Reserve Funds (RRFs)

RRFs are an essential financial mechanism used by the City and is maintained within two main classifications: Obligatory Reserve Funds (monies that are legislated or contractually required) and Discretionary RRFs (established by Council to support future programs, infrastructure, and special projects, while also stabilizing operating costs and revenue).

Figure 11: Historical 10-Year Obligatory and Discretionary Uncommitted Reserve Balances



The total uncommitted balance in RRFs have grown 8.6 per cent (CAGR) from $504 million in 2015 to $1.1 billion in 2024. The growth to date is mostly driven by deliberate pre-established targets for those RRFs which have a critical role in stabilizing both the operating and capital budgets.

As of 2024, Obligatory Reserve Funds are primarily composed of development charges (40 per cent) for growth-related infrastructure, cash-in-Lieu contributions (30 per cent) for parkland and public parking, and Provincial Gas Tax and Canada Community-Building Fund (15 per cent) for transit, roads, and recreation.

Discretionary RRFs are primarily composed of Tax-Related Reserve Funds (30 per cent), including the Tax Capital Reserve funded via the infrastructure levy; Stormwater Reserve Funds (14 per cent), funded through the Stormwater Charge and dedicated to stormwater infrastructure and climate adaptation; and Operating and Stabilization Reserves (30 per cent), such as the Fiscal Stability, Insurance, Employee Benefits, and Winter Maintenance reserves.

RRF growth is guided by target-based planning — As the city grows, targets increase accordingly, resulting in a dynamic approach that ensures RRF balances remain aligned with both current requirements and future obligations. (Appendix 5) provides a summary of the City’s RRF governance processes, inclusive of targets and the respective target calculation that is evaluated to ensure adherence to within the 10-year outlook.

Monitoring Potential Pressures:

The City’s revenue mix is largely determined by provincial legislation, which limits the City’s ability to introduce new revenue tools. As a result, the City relies heavily on property taxes and user fees, which are not always aligned with inflation, growth, or economic shocks. Without greater flexibility or upper-level support, the City could face challenges adapting to increasing population, service demands, or unexpected downturns.

As the City’s largest and most stable revenue source, property taxes anchor the operating budget. However, increases may face strong public resistance, particularly given affordability pressures.

User fees generate nearly a quarter of the City’s operating revenue, but they can fluctuate with economic conditions and community demand. As seen during the pandemic, this revenue may decline sharply during downturns. The City may also face limits on its ability to increase fees in line with inflation, given the need to balance cost recovery with affordability for residents.

While grants help advance major capital priorities, they may present challenges due to their unpredictable nature.

Stable programs like the Canada Community-Building Fund and the Provincial Gas Tax provide reliable support, but there is a possibility that future reductions or changes could increase the burden on property taxes or reserves. Political shifts at upper levels of government may also lead to program adjustments that affect long-term planning.

3.3 Sustaining Infrastructure Over Time

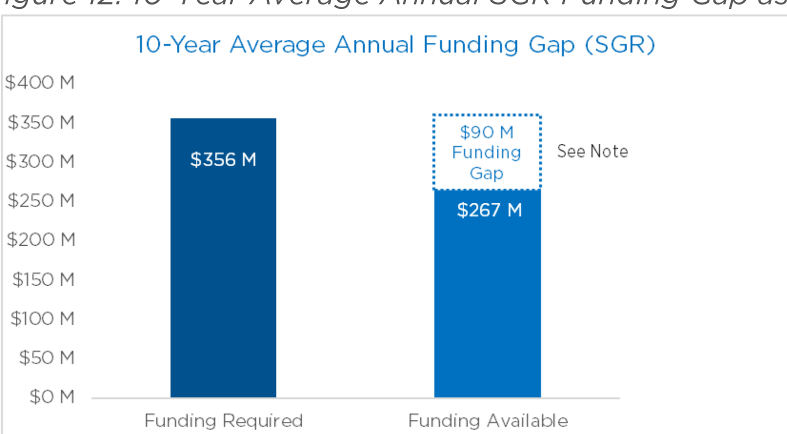
- The City manages an $18.7 billion asset portfolio through a standardized, lifecycle-based approach to preserve asset performance and service delivery
- The City faces an average $90 million annual infrastructure funding gap over the next decade, as identified in the 2025 Corporate Asset Management Plan
- Dedicated tax-supported funding tools, including the Capital Infrastructure and Debt Repayment Levy and the Public Safety Fire Levy, have strengthened the City's ability to invest in infrastructure and public safety
- Debt has become an important tool for financing long-term capital needs, spreading costs across generations and supported by a conservative debt policy
- As of the 2025 Budget, $737.5 million of debt has been approved, with debt servicing costs at 6.4 per cent of own-source revenue, well within limits and supported by the City's AAA credit rating
- Pressures remain due to the persistent infrastructure funding gap, levy constraints, limited borrowing flexibility, and potential risks from credit rating changes or restricted access to financing

Historical Review:

Over the past decade, strategic investments in capital infrastructure were made to support service delivery, encourage growth, and maintain a high quality of municipal services for residents and businesses.

Capital spending has encompassed a broad range of assets, including roads, transit infrastructure, community facilities, fire stations, parks, stormwater systems, and rapid advancements in technology. As of present day, the City manages an $18.7 billion portfolio of municipal assets through a standardized, citywide approach that emphasizes lifecycle planning, including inspections and condition assessments, to preserve asset performance and minimize service disruptions.

Figure 12: 10-Year Average Annual SGR Funding Gap as per 2025 AMP



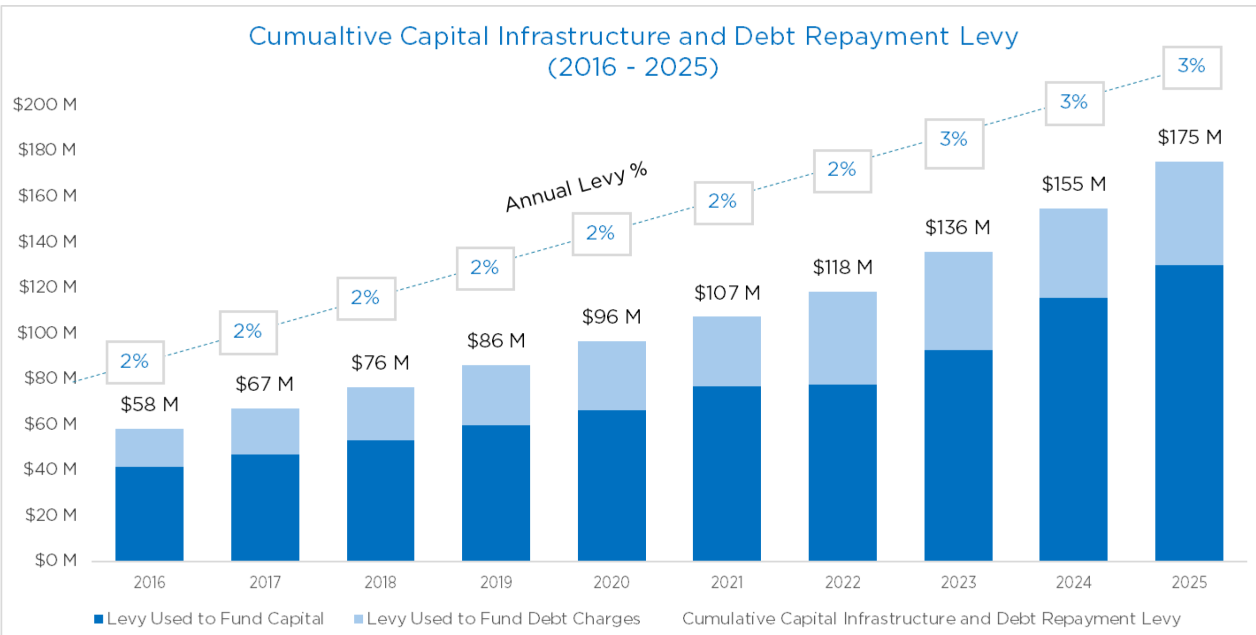
Note: The infrastructure funding gap of $90 M as per 2025 AMP is the difference between the annual average lifecycle needs (funding required) and the annual average budget (funding available) for the next 10 years.

Projects categorized as SGR are guided by Mississauga's Corporate Asset Management Plan (CAM Plan), as legislated under Ontario Regulation 588/17, last updated in June 2025.

As per 2025 AMP, the City faces an average of $90 million per year infrastructure funding gap over the next decade, representing the difference between optimal investment needs and available funding which is monitored through the annual capital planning process (Appendix 6).

In response, the City has deliberately secured a reliable source of funding towards addressing the infrastructure gap through tax capital contributions that are collected via the Capital Infrastructure and Debt Repayment Levy.

Figure 13: Capital Infrastructure and Debt Repayment Levy

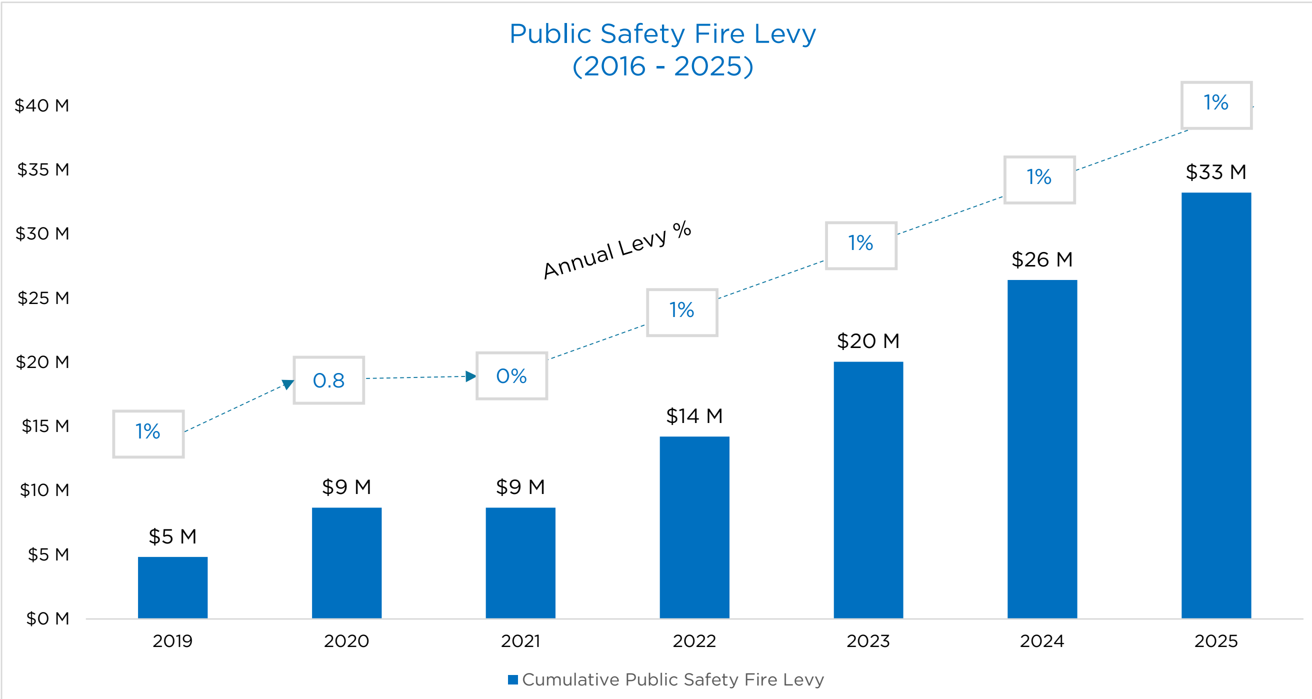


The Capital Infrastructure and Debt Repayment Levy has resulted in contributions to the Tax Capital Reserve Fund, which grew from $58 million in 2016 to $175 million in 2025, allowing the city to consistently invest in capital projects that address the infrastructure gap.

Another key tax-funded capital contribution is the City's Public Safety Fire Levy (established in 2019) which provides a stable funding source for growth-related needs such as new fire stations and renovations of existing facilities within Fire & Emergency Services. This special levy also funds additional safety improvements such as expanding public education programs and enhancing fire inspection capacity.[16]

[16] CoM- 2019–2022 Business Plan – Fire & Emergency Services

Figure 14: Public Safety Fire Levy

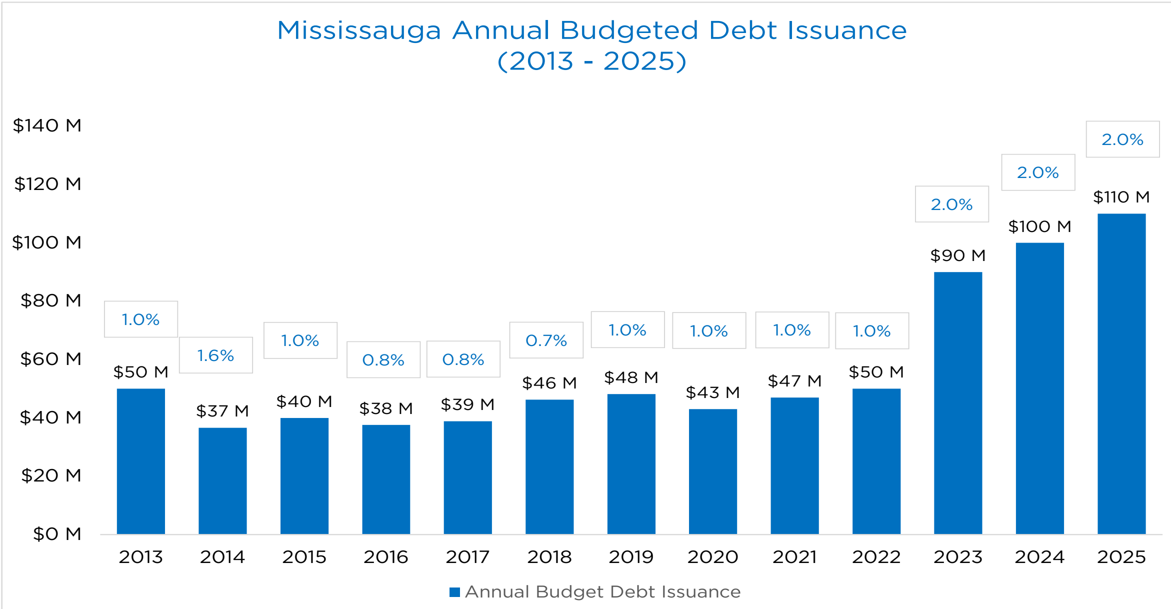


With $33 million collected in 2025, the levy has provided a dedicated funding source for Fire & Emergency Services while preserving the Infrastructure and Debt Repayment Levy for other SGR projects.

A key mechanism of sustaining infrastructure is through debt issuance. Debt allows the City to spread the cost of capital projects over the useful life of assets and promotes intergenerational tax equity by distributing the burden of capital debt costs between current and future taxpayers who both benefit from the asset being emplaced. Responsibility for paying the debt servicing costs through property taxes is spread out over the term of the debt being issued.

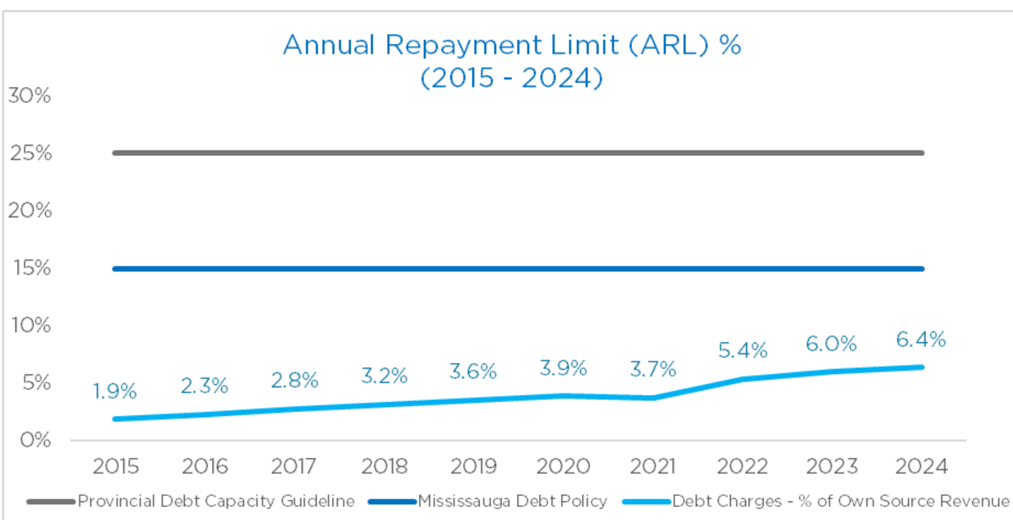
The amount of debt the City issues (through the Region of Peel) each year is dependent on how much funding will be yielded by a portion of the Capital Infrastructure and Debt Repayment Levy, which has increased from one per cent or less to two per cent in 2022 onwards. As at the 2025 Budget, the total amount of approved debt was $737.5 million.

Figure 15: Mississauga Annual Budgeted Debt Issuance (2013–2025)



The City maintains a conservative debt policy, capping debt servicing at 15 per cent of own-source revenue which is well below the provincial limit of 25 per cent. As at the 2025 Budget, total approved debt is $737.5 million, with debt servicing costs at 6.4 per cent of municipal revenue, falling comfortably within policy limits. The City's AAA credit rating further ensures access to low-cost borrowing, protecting long-term affordability.

Figure 16: Annual Debt Servicing Costs as a % of Own-Source Revenue



The maximum amount of debt that the City can issue is also a function of the City's own-source revenue which represents the direct revenue collected through property taxes, user fees and charges.

Over the past 10 years, the City's own-source revenue has grown from $0.6 million in 2015 to $1.1 billion in 2024, representing a CAGR of 4.4 per cent.

Monitoring Potential Pressures:

While the Capital Infrastructure and Debt Repayment Levy has provided some relief, its current range of 0.5 per cent to three per cent has not been sufficient to close the gap, creating ongoing pressure to avoid asset failures and service level declines. In addition, a reduction in this levy would widen the infrastructure gap further.

As capital needs for growth and infrastructure maintenance continue to increase, and other revenue sources face constraints, the City faces the challenge of strategically expanding its use of debt for critical infrastructure.

Borrowing capacity is constrained by the City's internal debt limit of 15 per cent of own-source revenue, which is stricter than the provincial maximum of 25 per cent. Furthermore, not all capital projects qualify for debt financing, limiting flexibility in how this tool can be applied.

Higher outstanding debt balances or rapid growth in debt could place additional pressure on financial stability and negatively affect the City's credit rating. A decline in the credit rating would increase borrowing costs and further strain infrastructure financing.

Market conditions and regional funding issues could restrict access to financing, leading to project cancellations, reduced liquidity, and operational disruptions.

3.4 Sustainably Managing Growth

- Mississauga's growth has shifted to urban intensification, with high- and mid-rise developments driving population and residential expansion.
- The City's initiatives, including the Mayor's Housing Task Force, streamline approvals and reduce residential development charges to incentivize development and lower housing costs.
- Balancing new infrastructure needs with maintenance of existing assets is critical to protect service quality and long-term fiscal sustainability.
- Provincial and Federal government fundings are essential to address the "growth gap", manage rising infrastructure costs, and maintain a diversified tax base.

Historical Review:

Over the past decade, Mississauga's growth has shifted from greenfield development to urban intensification, with most new activity now occurring through high-rise and mid-rise construction within established communities. This evolution reflects broader trends in urban living, land use efficiency, and the City's commitment to sustainable, complete communities.

Development activity in the City has been influenced by market dynamics, economic conditions, and changes in the construction industry. Periods of strong development have coincided with favourable interest rates and high demand for housing, while global events such as the COVID-19 pandemic and subsequent supply chain disruptions have affected project timing and costs.

Recent years have seen increased construction costs across Ontario, driven by material shortages, rising labour expenses, and broader inflationary pressures. These conditions continue to shape the pace and scale of development activity across the city.

Incentivizing Development to Continue Growth

Mississauga's population is projected to approach one million residents by 2051, reflecting its ongoing transformation into a dynamic urban centre within the Greater Toronto Area. In addition, Ontario's province-wide housing shortage has intensified the need for new housing supply and placed greater emphasis on cities like Mississauga to accommodate growth efficiently and sustainably.

To help address this, the provincial government has introduced legislative changes (Appendix 7) to incentivize development that stimulate new housing construction by lowering financial barriers and accelerating the pace of development.

In response, the City, in collaboration with the Region of Peel and the Province, has introduced a series of initiatives to reduce barriers, and ensure that growth is supported in a sustainable and timely manner.

In early 2025, the City launched the Mayor's Housing Task Force. The resulting Partners in Homebuilding Report outlines a series of actions grouped around four key priority areas:

- Reforming development charges, taxes, and fees to reduce housing costs;
- Updating building and design standards to increase supply and make construction more affordable;
- Transforming zoning regulations to unlock new housing opportunities; and
- Establishing sustainable programs and funding to mobilize industry efforts in meeting the demand for affordable housing.

These local alongside regional initiatives align with provincial legislative changes designed to support housing development across Ontario. By reducing costs, expediting approvals, and improving cash flow for developers, particularly for rental and affordable housing, the City helps kick-start development and lower housing costs for the residents.

Funding Growth Related Infrastructure

Supporting new housing and employment growth requires more than land availability, it depends on the City's ability to plan, fund, and deliver the infrastructure that enables complete communities. Roads, transit, parks, stormwater systems, and utilities must all evolve in step with growth, while existing assets must continue to be maintained in a state of good repair to preserve service quality and public safety.

This dual responsibility of expanding to meet future demand while sustaining existing infrastructure is an important balance to manage in long-range financial planning. The City's financial strategy focuses on maintaining fiscal stability, optimizing the use of reserves and reserve funds, and ensuring that limited resources are directed to where they achieve the greatest long-term value.

The City is exploring all appropriate government funding to support these housing incentives including the provincial Building Faster Fund, the federal Housing Accelerator Fund and Canada Housing Infrastructure Fund. The combination of these funding streams, if granted to the City, would help offset cash flow and revenue pressures relating to the DC incentives. From long-term perspective, the City also needs a stable and predictable revenue stream from the provincial and federal governments to adequately fund growth-related infrastructure for municipalities.

Through its budgeting process, City staff have also strategically reprioritized capital projects to better align growth and service delivery, to ensure sustainability of the City's capital program.

By aligning housing, infrastructure, and financial planning, the City is positioning itself to grow responsibly maintain service excellence, and safeguard the City's long-term financial sustainability.

Monitoring Potential Pressures:

Projected population growth, ongoing provincial housing reforms and rising infrastructure costs could create fiscal pressure on the City's ability to manage growth sustainably. As the City advances provincial housing objectives, additional support from upper levels of government will be essential to ensure that infrastructure investment keeps pace with growth while maintaining existing assets in a state of good repair.

In Mississauga, where urban intensification drives much of the development, high-rise projects can take several years to reach occupancy, delaying critical infrastructure funding which could result in cash flow challenges.

Increased housing creates higher demand for infrastructure and services. Without corresponding increases in external funding and support, this could create a "Growth Gap" which is the shortfall between available growth-supported funding over the next 10 years and the capital infrastructure needed to support growth.

The City must closely monitor rising infrastructure costs, driven by inflation, labour shortages, and supply chain pressures, as these factors significantly increase the funding required to deliver all capital projects, including those that are growth related.

3.5 Addressing Environmental Obligations

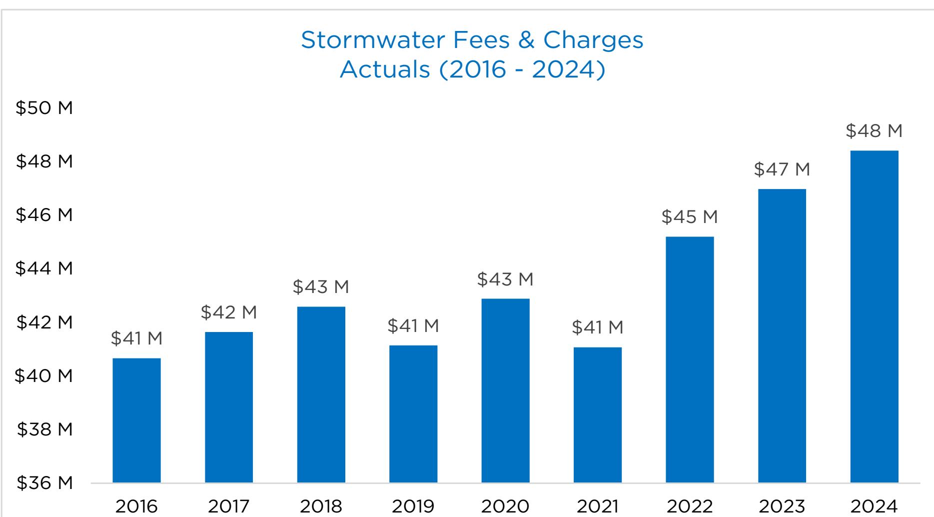
- Climate change and population growth are intensifying pressures on aging infrastructure, driving higher financial demands.
- The Stormwater Charge has generated around $391 million since 2016, creating a stable funding source for flood mitigation and infrastructure renewal, though a $30 million annual gap remains for long-term pipe replacement.
- Transportation contributes 30 per cent of the City's emissions and remains to be a key challenge, though progress is underway with transit electrification, EV charging, and active transportation.
- Sustained, proactive planning and funding tools are essential to protect resilience and long-term fiscal sustainability.

Historical Review:

As climate impacts intensify, the City must remain financially agile to manage both immediate risks and long-term adaptation needs. Building resilience requires not only strong planning frameworks like the CCAP, but also sustainable funding tools that can scale with demand.

The City's dedicated Stormwater Charge is one example of how a stable revenue source was created to support critical infrastructure renewal and flood mitigation.

Figure 17: Stormwater Charge – Actual Revenue (2016–2024)



Since its introduction in 2016, the Stormwater Charge has generated approximately $391 million (averaging approximately $43 million a year) in funding that is used exclusively to meet the increasing demand and investment for stormwater management, including planning and operations, new capital construction and improvements.

The charge is collected through the Region of Peel water bill from all property owners in Mississauga and is directed towards the Stormwater Reserve Funds to be drawn upon annually to fund the 10-year capital plan for eligible infrastructure-related projects.

Over the next 10 years, the stormwater program will be fully funded by fees collected via the stormwater charge; however, there is a 100-year infrastructure gap for stormwater pipe management which requires approximately $30 million per year to address growing demands.

Transportation is another critical area contributing about 30 per cent of the City's emissions.[17] Reducing these emissions depends on how soon the City can shift to zero-emission vehicles, increasing transit electrification, and improving infrastructure for walking and cycling. These changes will also influence land use, energy systems, and ensuring everyone has fair access to transportation options. In 2024, the City added 30[18] public electric vehicle charging stations, and 60 per cent of the MiWay transit fleet is now hybrid-electric[19], showing good progress toward cleaner transportation.

In 2023, the City undertook a climate change risk and vulnerability assessment for municipal assets. As part of the study, a comprehensive climate analysis was completed. The community of Mississauga generated 7,233,297 t CO_2 in emissions[20], with the City's corporate operations contributing 64,142 t CO_2. Gasoline, diesel and natural gas are the primary sources of this pollution.

The City's 10-year capital plan (2025-2034) includes $2.1 billion in investments dedicated to mitigating environmental impacts and advancing sustainability initiatives. The scale of investment over time shows that the City is making substantial efforts to build resilience. Notwithstanding, the 10-year capital plan signals that more work remains to maintain infrastructure, replace aging pipes, and design for more extreme weather, all of which will require continued funds.

Monitoring Potential Pressures:

Climate change and environmental risks are creating growing financial pressures for municipalities. The increasing frequency of extreme weather events such as floods, snowstorms, and heat waves places additional strain on infrastructure, requiring costly reinvestment to maintain service levels and public safety.

For the City, this challenge is compounded by aging assets, evolving environmental regulations, and the added demand from population growth and intensification. The stormwater system in particular must be upgraded to handle higher runoff volumes while preventing flooding and erosion. To effectively manage and finance these demands, the

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[17] Mississauga Climate Change Action Plan
[18] CoM- City-owned public electric vehicle charging stations have new user fees
[19] MRO Magazine- Article- Nearly 60% of Mississauga's bus fleet to be hybrid electric by end of next year
[20] CoM- Current Status Climate Change Action Plan

City must maintain a comprehensive and up-to-date understanding of both existing and anticipated conditions across its built and natural infrastructure.

These pressures underscore the need for proactive financial planning which aligns with the upcoming refresh of the Climate Action Plan. With dedicated funding tools like the Stormwater Charge and sustained investment to build climate resilience, the City will be in a better position to secure long-term fiscal sustainability.

4. PERFORMANCE INDICATORS & BENCHMARKING

Each year, MMAH publishes financial indicators[21] that benchmark the City of Mississauga against other municipalities in Southern Ontario that are part of a two-tier regional government structure and are predominantly urban or suburban.

The indicators fall under two main categories that measure sustainability and flexibility, offering insight into how well the City can sustain services and respond to fiscal pressures.

The following section presents the City's performance from 2015 to2023, highlighting areas of strength such as tax collection, reserves, and asset renewal, while flagging emerging risks.

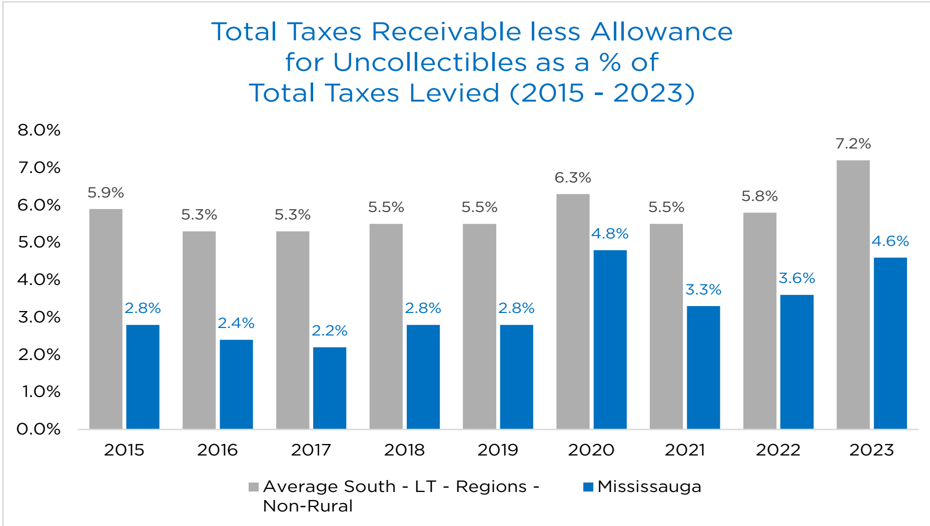
- Sustainability Metrics provide insight into how well the City can sustain operations, fund infrastructure, and respond to economic or legislative shocks.
- The City continues to demonstrate strength across key measures such as property tax collection, reserve adequacy, and low net debt levels
- Shifting economic conditions, affordability pressures, and recent changes to provincial legislation have heightened exposure to external risks, particularly those tied to development-related revenue.
- To maintain long-term stability, the City must continue to monitor fiscal trends, manage reserve and liquidity positions proactively, and ensure its financial strategies remain adaptable.

4.1 Sustainability Indicators

4.1.1 Total Taxes Receivable less Allowance for Uncollectibles as a % of Total Taxes Levied

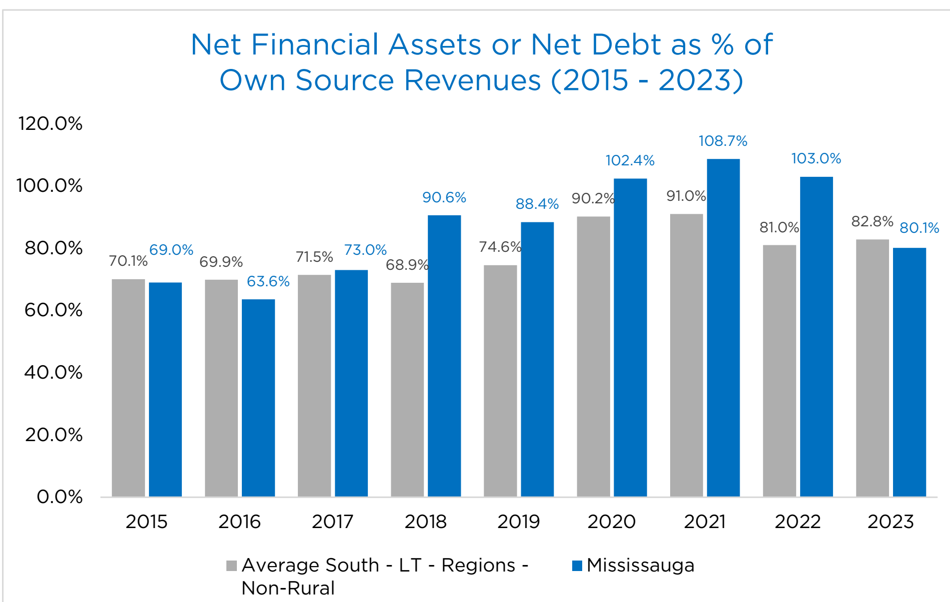
This metric measures the City's ability to collect property taxes. The City has consistently maintained a lower ratio of taxes receivable compared to peers; 4.6 per cent in 2023 versus the provincial average of 7.2 per cent, demonstrating strong fiscal discipline. However, the increase from 2.2 per cent in 2017 to 4.6 per cent signals potential pressure on taxpayers and warrants continued monitoring to protect liquidity ensuring timely cash flow for operations and capital needs.

[21] 2015–2023 Financial Indicator Review Mississauga – Ministry of Municipal Affairs & Housing (Based on Financial Information Return)



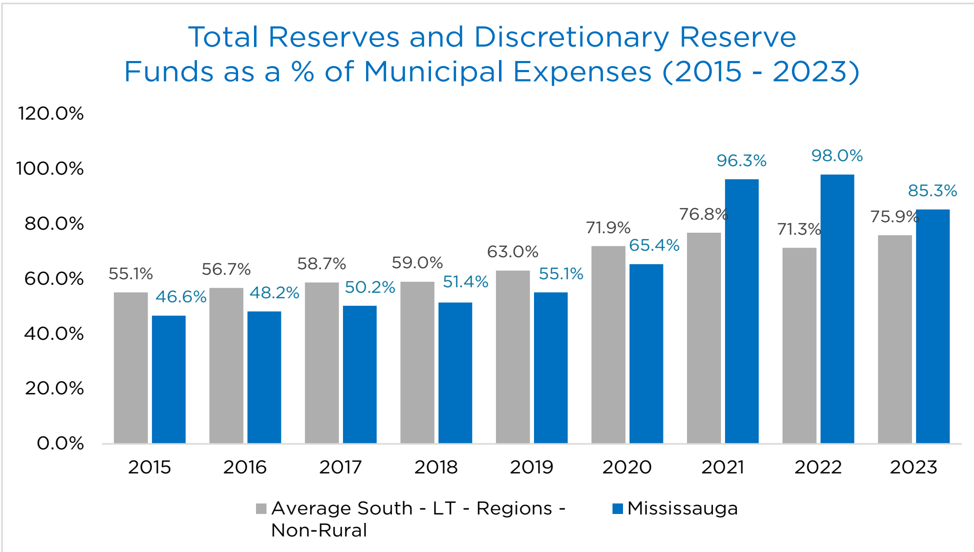
4.1.2 Net Financial Assets or Net Debt as a % of Own-Source Revenue

This metric assesses overall financial health by comparing assets to liabilities relative to own-source revenue. The City has consistently maintained net financial assets, peaking at 108.7 per cent in 2021, though its position declined to 80.1 per cent in 2023, slightly below the 82.8 per cent average. This drop warrants monitoring, particularly as it coincides with increased capital investment and the rising use of debt financing in recent years.



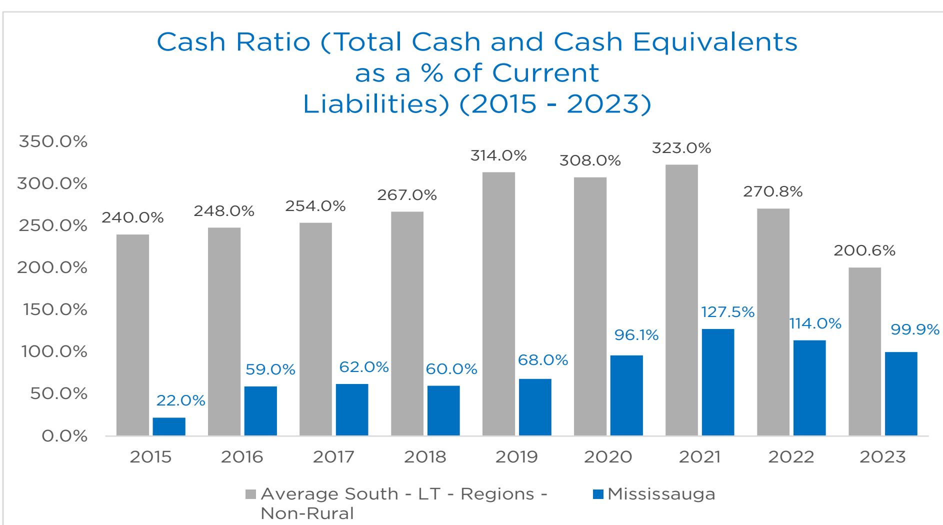
4.1.3 Total Reserves and Discretionary Reserve Funds as a % of Municipal Expenses

The City has steadily strengthened its fiscal resilience, surpassing peers since 2021. In 2023, discretionary reserves and reserve funds totaled 85.3 per cent of expenses, well above the 75.9 per cent average, reflecting deliberate strategies to maintain flexibility, manage infrastructure needs, and respond to economic and legislative pressures.



4.1.4 Cash Ratio (Total Cash and Cash Equivalents as a % of Current Liabilities)

The cash ratio metric measures total cash and equivalents as a percentage of current liabilities. It has increased significantly for the City, going from 22.0 per cent in 2015 to 99.5 per cent in 2023. While still below the peer average, the lower ratio reflects a deliberate and strategic approach of investing in infrastructure and reserves rather than holding excess cash, with liquidity supported through reserves, short-term borrowing options, and careful cash-flow management.

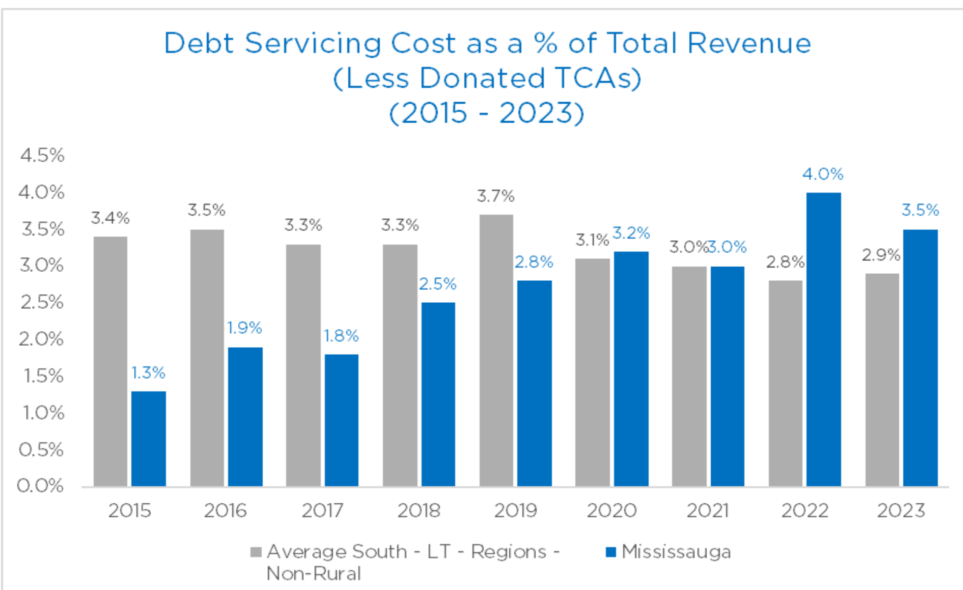


4.2 Flexibility Indicators

- Flexibility metrics assess the capacity to adapt to changing financial conditions, manage infrastructure over time, and preserve fiscal flexibility.
- The City has consistently demonstrated a strong foundation through conservative debt management. Recent increases in debt servicing ratios reflect a strategic shift to support growth and infrastructure renewal but remain within responsible limits.
- A relatively low asset consumption ratio signals newer infrastructure and ongoing capital reinvestment.
- Modest annual surpluses, often driven by year-end savings or conservative forecasting, contribute to key reserves like the Fiscal Stability Reserve which provides a safeguard against unforeseen pressures.

4.2.1 Debt Servicing Cost as a % of Total Revenue (Less Donated Tangible Capital Assets)

This metric tracks the share of revenue dedicated to debt repayment, with higher levels reducing budget flexibility. The City has historically maintained debt servicing below three per cent, outperforming peers at 3.0–3.7 per cent, reflecting a conservative debt strategy.



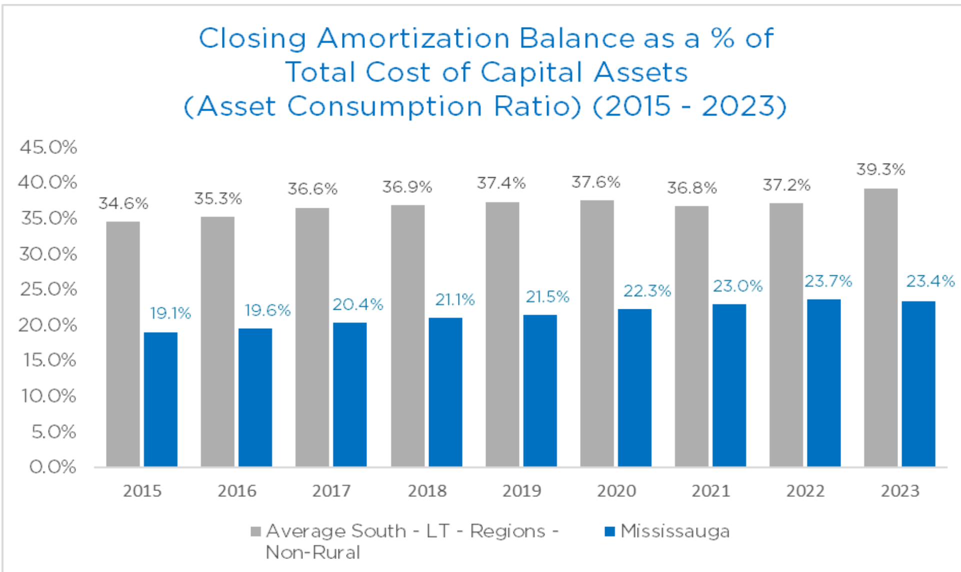
Since 2022, the ratio has risen above the average, peaking at four per cent before easing to 3.5 per cent in 2024.

The increase in debt has been largely tied to major capital projects and investments required to support a growing population and aging infrastructure.

While still within policy limits, this upward trend underscores the need for careful debt management to preserve long-term fiscal capacity and flexibility.

4.2.2 Closing Amortization Balance as a % of Total Cost of Capital Assets

This metric measures the extent to which the City's capital assets have aged and been depreciated, providing insight into long-term asset sustainability and reinvestment needs.



The City has consistently reported a significantly lower asset consumption ratio than its peers, recording 23.4 per cent in 2023 compared to the average of 39.3 per cent.

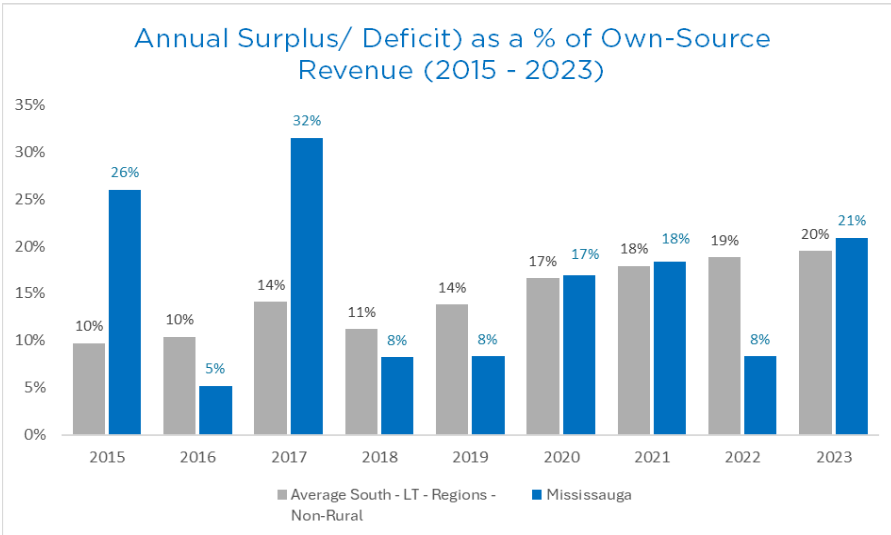
This trend indicates that the City's assets are, on average, newer or more recently rehabilitated than those of many comparable municipalities. The favourable results reflect a strong capital renewal program and continued investment in infrastructure, reducing near-term risk of asset failure and lowering lifecycle costs.

4.2.3 Annual Surplus/(Deficit) as a % of Own-Source Revenue

The City has reported financial statement surpluses in most years, though the amounts have generally been modest. These results differ from the City's tax-supported operating budget, which must be balanced under provincial legislation.

Surpluses typically arise from conservative budgeting, unexpected revenue, or year-end expenditure savings.

Compared to its overall operating and capital budgets, the City's financial statement surpluses represent a small proportion but remain important for building the Fiscal Stability Reserve. When compared with other large Ontario municipalities, Mississauga's surplus ratios are generally in line with peers.



5. GUIDING PRINCIPLES

The City's Long-Range Financial Planning Strategy is anchored by the 10 Guiding Principles below which establish a clear foundation for fiscal resiliency.

These principles offer an interrelated framework that work in unison rather than in a fixed order, ensuring they remain adaptable and flexible to a wide range of circumstances. Applying them consistently ensures that financial decisions achieve the City's targeted outcomes to ensure sustainability, support financial flexibility, and mitigate vulnerabilities.

Together, they provide a strong foundation for navigating complex and difficult choices, help to balance priorities as circumstances evolve and will be especially valuable in addressing financial pressures and competing demands in the years ahead.

While many of these principles are already embedded in the City's financial management through corporate policies today, the pressures of rising costs, infrastructure renewal needs, and uncontrollable macroeconomic forces make their continued and consistent application more critical than ever.

5.1 Integrated Financial Planning

Integrated financial planning ensures that the City's financial decisions are closely aligned with its strategic priorities, allowing Mississauga to anticipate risks, allocate resources efficiently, and maintain fiscal flexibility. By linking long-term planning with sound financial management, the City can make informed choices that support sustainable growth, maintain service levels, and respond effectively to emerging challenges without compromising its financial health.

Key Practices:

- Align and Anticipate Risks: Connect financial planning to strategic priorities and proactively identify emerging economic, demographic, and climate-related risks through proactive planning and sensitivity analysis

- Integrate Capital and Asset Planning: Maintain a long-term capital forecast of 10 years that is fully integrated with the City's Corporate Asset Management Plan to identify funding gaps and ensure critical assets are maintained to prevent failures and service disruptions

- Use Dynamic Forecasting: Regularly update the Long-Range Financial Planning Strategy and leverage scenario modeling and sensitivity analysis to guide budgets, manage risks, and maintain transparency

5.2 Comprehensive Budget and Forecasts

Comprehensive budgeting and forecasting allow the City to anticipate future financial needs and ensure that resources are available to maintain high-quality services. By identifying long-term funding requirements and matching them with reliable revenue sources, the City can avoid unexpected shortfalls, make informed investment decisions, and sustain essential programs and infrastructure for residents over time.

Key Practices:

- Estimate Full Lifecycle Costs: Use long-range forecasting at a minimum of 10 years to capture operating and infrastructure costs for existing and growth-related services including acquisition, maintenance, and replacement

- Incorporate Operating Impacts of Capital: New infrastructure often brings significant operational costs, and these "capital-induced" operating impacts such as staffing, utilities, and ongoing maintenance should be incorporated into financial models and budget decisions before project approval

- Plan for Cost Increases: Consider the impact of compounded inflation, wage increases, rising construction and utility costs to maintain realistic and resilient budgets. Indicators such as the Municipal Price Index may offer more reliability when planning for future cost increases

- Plan for Contingencies: Consider risk in financial modeling and include risk-based contingencies within projects budget to absorb unforeseen costs.

5.3 Prioritized Operating and Capital Investments

Prioritizing operating and capital investments ensures that resources are directed to the projects and services that deliver the greatest value to the community. By evaluating investments based on strategic alignment, public needs, asset condition, and regulatory requirements, the City is responding proactively to overarching City priorities and needs.

Key Practices:

- Strategic and Community Alignment: Investments that are guided by the City's Strategic Plan and community input require prioritization. Service-based budgeting and public engagement help ensure spending reflects residents' evolving priorities

- Service-Level and Asset-Based Decision-Making: Projects that maintain a state of good repair should be given top priority before enhancements when supported by the Corporate Asset Management Program. Desired service levels, asset conditions, and risk tolerance must also be considered

- Integrated Capital and Financial Management: Projects in the 10-year capital plan should have their estimated costs, cash flow, project timing aligned with funding availability. Tools such as financial impact model and reserve fund continuity model support decision-making through scenario analysis and sensitivity testing

- Project Evaluation and Selection: Projects are evaluated using a prioritization model that account for legislated requirements, health and safety, and strategic objectives

5.4 Stable Funding Sources

Stable funding sources provide the City with the financial certainty needed to deliver consistent services and invest in long-term infrastructure. By maintaining a diversified and predictable revenue base, the City reduces reliance on any single funding stream and mitigates the impacts of economic fluctuations to ensure that programs and projects continue without disruption.

Key Practices:

- Align User Fees with Service Costs: Review and adjust fees regularly to reflect the true cost of service delivery, while allowing targeted subsidies for community benefit

- Maintain the Dedicated Infrastructure Levy: Maintain the Capital Infrastructure and Debt Repayment Levy (currently set at three per cent of the prior year's levy) to fund asset repair and replacement, finance debt, and to help close the infrastructure gap

- Balance Property Taxes with Affordability: Manage property taxes responsibly, balance affordability with service needs, and ensure transparency through public engagement

5.5 Expanded Revenue Streams

Expanding revenue streams enable the City to lessen the reliance on traditional sources like property taxes and user fees. By exploring alternative funding opportunities the City can further diversify and strengthen its existing funding portfolio to support strategic priorities.

Key Practices:

- Maximize Grant Opportunities and Advocate for Sustainable Transfers: Actively seek predictable, long-term funding frameworks for capital and operating grants from upper levels of government through sustained and consistent advocacy

- Maintain a balanced Property Tax Base: By maintaining a balanced property tax base between residential and commercial/industrial growth, the City can reduce reliance on residential property taxes while supporting long-term service needs. The City is also exploring options to advance strategic employment development and land conversion policies that attract high-value businesses and investment

- Explore Public-Private Partnerships (P3s): Where feasible, the City should explore the use of P3 models to finance large infrastructure projects, transfer risk, and leverage private sector investment. This approach can complement limited capital funding capacity while maintaining public service standards

5.6 Responsibly Funded Growth

Growth-related infrastructure must be planned and delivered in a fiscally responsible manner, ensuring that new development is supported while maintaining and renewing existing assets. Balancing investment between new and existing infrastructure preserves service quality, protects long-term financial sustainability, and aligns with the City's commitment to complete, livable communities.

Key Practices:

- Integrated and Long-Term Planning: Continue integrating growth forecasts with revenue models and capital plans to ensure that new development does not outpace the financial capacity to support it. Where necessary, capital programs may be strategically reprioritized to maintain the balance between maintaining existing infrastructure in a State of Good Repair and investing in Growth related infrastructure

- Seek Provincial and Federal Support to Fund Growth: Proactively seek to maximize provincial and federal funding to support housing incentives, and advocate for stable and predictable revenue streams from other levels of governments to adequately fund growth-related infrastructure needs

- Cautious Use of Debt for Growth Infrastructure: The City should cautiously engage in issuing debt to fund growth-related infrastructure projects. Such debt debenture should only be financed with obtainable DC revenue, not property taxes, and should only be considered for critical growth infrastructure where no other funding sources are available

5.7 Prudent Expense Management

Efficient spending is as critical as revenue generation. Prudent expense management ensures that the City maximizes the impact of every dollar spent by controlling costs and consistently evaluating how to deliver services efficiently.

Key Practices:

- Operational Reviews for Efficiency: Conduct regular operational reviews to identify savings and improve service delivery. Investments in technology, digital services, and automation are pursued to enhance customer experience and reduce costs

- Interdepartmental Co-ordination and Modernization: Evaluate opportunities for shared services and interdepartmental partnerships. Integrated procurement strategies and workforce planning help reduce overhead and contain costs

- Capital Program Management and Cash Flow Alignment: Use multi-year capital planning to reflect available cash flow, prioritize essential projects, and defer non-critical ones when needed. This approach avoids bottlenecks, reduces underspending, and maintains a manageable capital WIP portfolio

- WIP and Project Governance: Apply a structured capital project review process with clear ownership, accountability, and regular reporting to Council

5.8 Disciplined Use of Reserves and Reserve Funds

Disciplined management and use of reserves and reserve funds ensures that the City maintains financial stability, acting as buffers against unforeseen events and providing flexible funding for planned investments.

Key Practices:

- Adhere to Reserve and Reserve Fund Targets: Establish balance targets for a range of RRFs that are designed to fund future expenditures, manage cash flow, and protect against budget shocks. Contribution plans should be developed to ensure adherence to the Council-approved targets.

- Review Regularly for Adequacy: Review RRFs balances on a regular basis to assess adequacy and alignment with future needs to avoid reduced reserve levels or excessive accumulation. Targets should be adjusted if necessary to ensure proactive management of RRFs.

- Use Reserve and Reserve Funds for Intended Purposes: RRFs established by the City are governed by municipal by-laws and related policies which describe the intended purpose of the RRFs. Review of funding withdrawals should ensure they are aligned with the original intent and strategic priorities of each fund.

5.9 Strategic Use of Debt

Debt, when used prudently, is a vital financial tool that supports intergenerational equity and enables timely investment in critical infrastructure.

Key Practices:

- Responsible Debt Management: Use debt selectively for eligible long-term capital projects, staying within the internal debt-servicing limit of 15 per cent of own-source revenue (lower than the provincial limit of 25 per cent). Borrowing decisions should be guided by financial models to ensure sustainability and affordability over the next 10 years
- Infrastructure-Focused Borrowing: Debt should be reserved for long-lived infrastructure projects, particularly SGR and strategic capital investments.
- Enabling Intergenerational Equity: Debt allows capital costs to be spread over time, ensuring that future residents who benefit from infrastructure share in its funding. This approach complements infrastructure levies and strengthens long-term fiscal stability
- Debt Modeling and Risk Testing: Test the impacts of various debt scenarios on tax rates and fiscal capacity through developed long-range financial models. Projects should only proceed with debt funding if aligned with overall affordability

5.10 Mitigated Financial Risks and Exposure

Unexpected and unforeseen events can lead to increased expenditures, revenue losses, operational disruptions, lockdowns, economic slowdowns, and infrastructure damage. Lockdowns and economic downturns may also reduce revenue from user fee-based services, such as transit and recreation programs. Additionally, increased reliance on discretionary reserves could deplete funds originally allocated for operational and infrastructure investments. It is imperative that the City learn from the experience of the pandemic to proactively manage risk, preserve financial health and ensure uninterrupted service delivery.

Key Practices:

- Maintaining Fiscal Stability Reserves: Maintain the dedicated Fiscal Stability Reserves to mitigate tax impacts from one-time events, such as emergency events or other unexpected downturns. These reserves provide flexibility during downturns, helping to maintain service levels without sudden tax increases
- Credit Rating Protection: Prioritize maintaining a strong credit rating (currently AAA), which allows access to low-cost financing. This is supported by prudent debt use, solid liquidity, and effective financial oversight
- Financial Risk Management and Scenario Testing: Strengthen the use of the City's robust risk management framework to identify emerging threats and test the financial impact of key variables like interest rates, inflation, grant funding changes, or major project delays. Employ financial impact models to help simulate multiple outcomes and guide contingency planning

- Insurance and Risk Transfer Mechanisms: Use insurance and financial reserves where appropriate to manage liability and exposure risks. Hedge against price volatility. Invest in cybersecurity to protect digital infrastructure and services

- Ongoing Monitoring and Adaptive Planning: Regularly monitor economic conditions, policy changes, and expenditure trends to ensure responsive budgeting and agile service delivery.

The Guiding Principles, sustainability focus, and strategic framework outlined in this Long-Range Financial Planning Strategy will inform future financial planning and decision-making. Building on this foundation, staff will continue to advance the development of a comprehensive Long-Range Financial Planning model to generate multi-scenario financial projections that support evidence-based, sustainable, and strategic decisions.

APPENDICES

Appendix 1: Linkage to Other City Priorities

The City's priorities are a critical foundation of the LRFP Strategy, ensuring alignment between financial planning and the City's strategic direction. The Strategic Plan, Corporate Asset Management Plan, and master plans provide the policy and operational context that guides long-term investment decisions. Grounding the LRFP Strategy in these priorities enables progress toward broader outcomes such as infrastructure renewal, growth management, and service excellence.

Strategic Plan

The original Strategic Plan was created in 1992 and was last refreshed in 2009. A third iteration of the City's Strategic Plan is currently underway and being completed concurrently with the LRFP Strategy. The Strategic Plan's five pillars — move, belong, connect, prosper, and green continue to guide the City's activities and this LRFP Strategy.

Corporate Asset Management Plan

The CAM Plan[22] is a legislated requirement of Ontario Regulation 588/17. The City published its latest plan in June 2025. While the City's strategic plan guides municipal decision-making, the CAM Plan helps manage infrastructure while balancing costs, risks, and opportunities for optimal asset performance.

Goals of the plan include delivering assets to support service delivery to residents and maximizing the value of municipal infrastructure assets while minimizing lifecycle costs and mitigating risks to service delivery.

The LRFP Strategy ensures these objectives are financially sustainable, aligning infrastructure investments and growth with the City's long-term priorities and overall sustainability goals. Integrating the LRFP Strategy with a robust CAM Plan allows the City to make informed decisions on infrastructure investments, asset maintenance, and long-term capital needs. By prioritizing infrastructure needs, the City achieves the greatest community benefit and remains a desirable place to live, both now and in the future.

City Master Plans

The City's master plans such as the Transportation Master Plan, Fire Master Plan, Build Beautiful: Stormwater Master Plan, and Future Directions Plans for multiple service areas inform both the 10-year capital plan and four-year operating budget by identifying long-term service and infrastructure needs. These plans are key inputs to the LRFP Strategy,

[22] CoM- Corporate Asset Management Plans

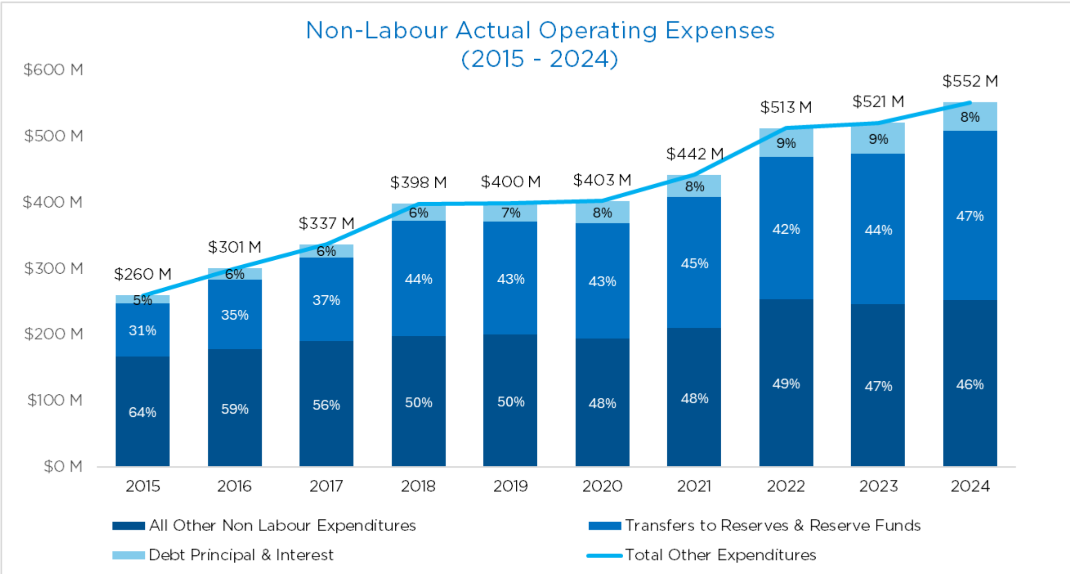
which extends the City's financial outlook beyond the budget cycle to ensure future funding aligns with strategic priorities and evolving community demands.

Business Plan & Budget

Linking the LRFP Strategy guiding principles to the business plan and budget development leads to more effective budgeting by identifying adequate funding for programs and projects and requiring proposed new projects to have thorough justification and cost estimate analysis to ensure that decisions are made based on evidence-based information. The City's four-year operating budget and 10-year capital plan contain decisions that are made today and their long-term implications.

Appendix 2: Non-Labour Expenditure Growth

Non-Labour Operating Expenditures Actuals (2015–2024)



Non-Labour actual expenditures have grown over the past 10 years mainly as a result of debt financing costs and transfers to reserves and reserve funds (in support of capital-related expenditures).

From a budget perspective, when funding is transferred from the operating budget to discretionary reserves and reserve funds, it is recognized as an expenditure. The nature of these transfers can be driven through the following mechanisms:

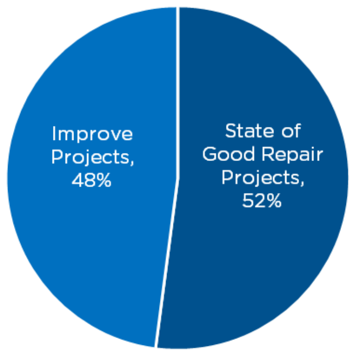
- Transfers to discretionary reserves and reserve funds approved through the operating budget to fund program-specific expenditures or the capital program
- At year-end, if a surplus or deficit exists within certain programs, a closing entry is made to either top-up or draw from reserves and reserve funds to balance the operating budget

The largest contributor to the growth of the transfer to reserve and reserve funds expenditure category is driven by the City's goal to ensure a sustainable funding source to maintain and replace critical infrastructure. This is through special purpose levies: Infrastructure and Debt Repayment Levy introduced in 2008, the Stormwater Charge introduced in 2016, and the Public Safety Fire Program Levy introduced in 2019.

Another contributor to non-labour expenditure increase is the growing cost of servicing debt. Principal and interest charges have grown from approximately $12 million in 2015 to $42 million in 2024, aligning with the growing use of debt as a funding tool to support the capital budget.

Appendix 3: State of Good Repair vs. Improve Capital Projects

2025 Budget SGR vs. Improve Project Categories



Of the $0.6 billion allocated in the 2025 Capital Budget, nearly half (48 per cent) was dedicated to Improve projects, which focus on enhancing or expanding existing infrastructure and services.

The remaining was attributed to SGR projects (52 per cent), aimed at maintaining and restoring the city's existing assets to ensure they continue to operate safely, efficiently, and reliably.

This allocation reflects the city's balanced approach to both upgrading key infrastructure and sustaining the longevity of current assets.

Improve Projects

Over the past decade, Mississauga's capital projects have grown significantly to support population and economic growth. This increase is largely driven by the need to expand infrastructure and services in response to intensification targets, new housing demands, and employment growth. Major investments have been made in transit, roads, stormwater systems, fire stations, parks, and community centers to accommodate this development.

State of Good Repair

A significant shift has occurred in recent years, with growing emphasis on SGR investments and asset renewal. This reflects the City's evolution into a mature municipality where the priority is no longer expansion alone, but also the long-term stewardship of existing infrastructure. Through the implementation of its asset management plans and adherence to Ontario Regulation 588/17, Mississauga is working to address the infrastructure gap by prioritizing lifecycle investment needs and ensuring capital decisions are financially sustainable.

Appendix 4: Capital Spending and Work in Progress

In contrast to annual operating expenditures, capital expenditures are non-recurring investments in long-term assets. These are organized by distinct project numbers and approved by Council through the annual budget process. Project completion can span multiple years due to the complexity and scale of projects such as road reconstructions, facility building, and transit initiatives which require time for design, environmental assessments, procurement, and phased construction. As a result, the approval of funding each year does not equate to immediate expenditure; instead, funds are committed and drawn down as work progresses to match the anticipated cash flow requirements of the project.

This also means that as new projects are approved through the annual budget process, existing projects are concurrently being delivered. The multi-year nature of capital spending leads to the accumulation of Capital Work in Progress, which represents the costs incurred or the funds committed during the planning, design, and construction phases before the project is completed and transitioned to a fixed asset.

The City's WIP has steadily grown over the past 10 years, reflecting both the City's increasing capital investment needs and the evolving complexity of delivering projects.

While significant investments are being planned and approved, some projects experience delays in implementation due to a variety of factors, including evolving market conditions, resource availability and supply chain constraints, particularly during the COVID-19 pandemic which have extended project timelines.

Mississauga's Capital Budget Policy requires that a capital WIP review be completed at minimum twice a year. This review includes the ongoing monitoring of all capital projects to ensure projects are on budget and/or on schedule. This process also optimizes resources, as projects that are closed will return funding to reserves and reserve funds.

Appendix 5: Reserve and Reserve Fund Governance

The City has an established Reserve and Reserve Fund (RRF) Management Corporate Policy[23] that outlines the internal controls and administrative responsibilities governing the use and oversight of reserves and reserve funds. This policy ensures that reserve funds are managed in a transparent, consistent, and fiscally responsible manner. It provides a framework for how reserves are created, maintained, and used, while also defining the roles and responsibilities of City staff in managing these critical financial resources. The policy supports long-term financial planning by ensuring that reserve and reserve fund activity aligns with Council-approved priorities and the City's overall financial sustainability objectives.

Reserves and Reserve Funds are analyzed at various points throughout the year: the WIP process, the annual business planning and budget process, and the year-end Corporate Report to Council. Under the Reserve and Reserve Fund Management Policy, every RRF is reviewed at least once during a three-year cycle. This review process ensures that the funds are managed efficiently, required funds are adequate and outdated reserves and reserve funds are closed.

During the annual budget process, reserve and reserve fund balances are forecasted for a time horizon of 10 years and include the projected four-year operating budget and the 10-year capital plan as per the annual budget. If RRFs and current revenue sources are insufficient to fully fund all submitted capital projects, the City employs a prioritization framework to balance strategic objectives with available funding.

Projects are evaluated against criteria such as asset condition, health and safety implications, legislative requirements, and alignment with corporate and Council-approved plans. Lower-priority or less time-sensitive initiatives may be deferred or phased to future years, while critical infrastructure and high-impact projects receive funding first. Once the annual business plan and budget is approved through the budget process, the funds are committed for the respective project within each reserve fund. Reserves and reserve funds are assessed net of these commitments.

Any projects or funding that is requested and approved outside of the budget process, mainly though Council-approved Corporate Reports, are reflected in the year-end closing balance for the appropriate reserve or reserve fund; this also includes WIP adjustments.

All these components are incorporated into the City's continuity model, which is a forecasting tool developed by the City to provide an up-to-date forecast of the closing balances for the next 10 years. The model is also used to ensure financial sustainability to fund the capital program while making sure reserve balances are in good standing. For select reserves and reserve funds with established targets, the 10-year outlook is also

[23] CoM- Reserve and Reserve Fund Management Policy

evaluated for sustainability against the pre-established targets, which was an output of the City's previous Long-Range Financial Plan (2016).

Reserve and Reserve Funds with Targets

The City of Mississauga maintains a strong balance in its reserves and reserve funds, which reflects its prudent financial management and long-term fiscal planning. The growth to date is driven by deliberate, pre-established targets for those reserves and reserve funds which have a critical role in stabilizing both the operating and capital budgets.

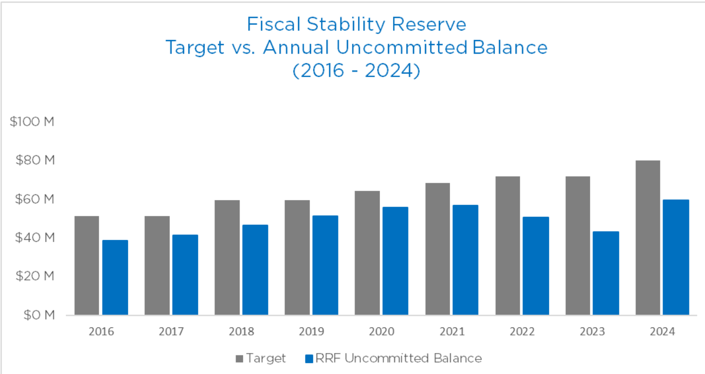
As the City grows, targets increase accordingly, resulting in a dynamic approach that ensures RRF balances remain aligned with both current requirements and future obligations. By setting minimum balance thresholds, the City ensures it can absorb cyclical revenue fluctuations, fund seasonal or one-time capital projects, and respond to unforeseen events without resorting to abrupt tax increases or emergency borrowing. These targeted reserves provide predictable financial capacity that support Mississauga's long-term budgeting discipline and fiscal resilience.

Below is a current list of the Reserves and Reserve Funds with targets and the respective target calculation that is used to ensure compliance within the 10-year outlook. Targets are reassessed each year and adjusted to reflect budget growth, shifting service demands, evolving infrastructure needs, and emerging financial risks.

Reserves and Reserve Funds with Targets

Reserve or Reserve Fund	Target Calculation
Reserve for Winter Maintenance	33 per cent of the last five-year average of winter maintenance expenditures.
Fiscal Stability Reserve	10 per cent of own-source revenue, less target for other stabilization/contingency funds (currently, Winter Maintenance and Building Permit Revenue Stabilization).
Insurance Reserve Fund	Year-end value of case reserves plus 50 per cent of the actuarial present value for incurred but not reported claims (both from the Actuarial Insurance Report).
Employee Benefits Reserve Fund	Sum of one year's worth of sick leave payouts, and 30 per cent of the actuarial liability estimate for Workplace Safety and Insurance Boards (WSIB).
Capital Reserve Fund	Maintain balance equivalent to one year's worth of the 10-year, forward-looking average of the tax-supported, capital expenditure requirements (excluding debt).
Stormwater Capital Reserve Fund	Maintain balance equivalent to 10-year average.
Provincial Gas Tax	Equal to one year's contribution (prior year).

Fiscal Stability Reserve Fund Annual Uncommitted Balance vs. Target

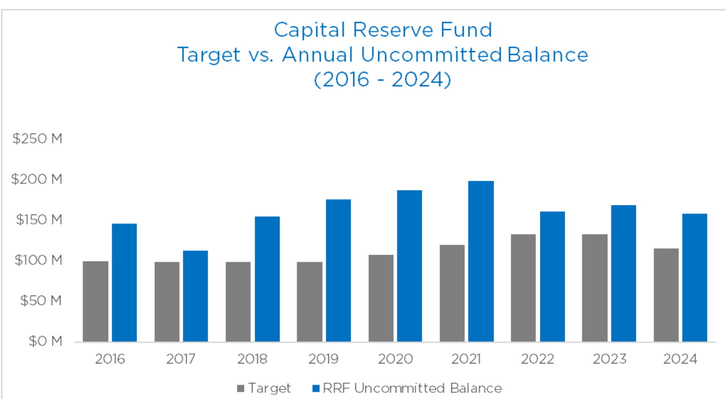


The City's primary stabilization reserve tracked against a Council-approved target, is the Fiscal Stability Reserve, which is specifically intended for contingencies and unforeseen emergencies. Since Council first established a target in 2016, its balance has steadily grown in recent years. The reserve has been drawn upon to fund COVID-19 related deficits and revenue shortfalls.

The reserve has not yet reached its updated target because contributions have not kept pace with both the rising target and the ongoing use of funds; the modest operating surpluses being insufficient to bring the balance up to the Council-approved threshold.

The City's Capital Reserve Fund is the primary reserve fund dedicated to financing the annual Capital Program for State of Good Repair and Improve categorized projects. Established targets set by Council in 2016 ensure that the Fund maintains a minimum balance equal to one year's worth of expected capital expenditures, providing a stable foundation for ongoing and future infrastructure investments.

Tax Capital Reserve Fund Annual Uncommitted Balance vs. Target



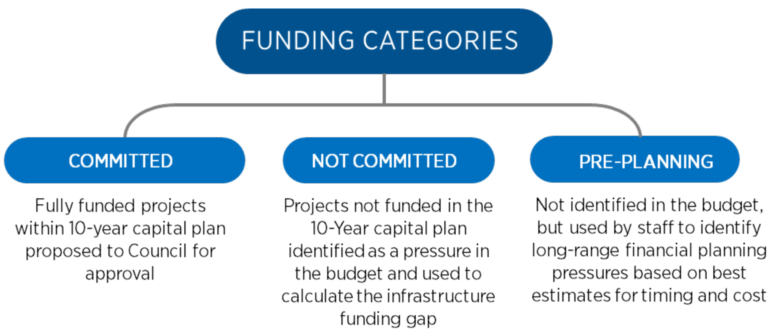
Since the introduction of these targets, the Capital Reserve Fund has consistently carried a balance above the Council-approved threshold, demonstrating disciplined contributions. In recent years, the margin above target has begun to narrow, driven by the rapid expansion of the City's capital program and infrastructure related needs, as governed by the City's Corporate Asset Management Program.

This trend highlights the importance of ongoing contributions through the Infrastructure and Debt Repayment Levy, and prudent project planning to preserve the fund's capacity to support Mississauga's long-term capital needs.

Appendix 6: Monitoring Capital Funding Pressures

Despite the city's efforts to prioritize mandatory SGR projects in the annual budget and ensure a sustainable funding source through contributions collected through Property Tax or the Stormwater Charge, the City is facing a funding shortfall with mounting pressures that are over and above what is identified in the 10-year capital plan.

Funding Categories of Capital Planning



When developing the ten-year capital plan and further to the prioritization categories discussed above, service areas are required to place all capital projects into three distinct categories: Committed, Not Committed and Pre-Planning.

The 10-year capital plan is guided by a structured framework that categorizes projects based on funding readiness and strategic priority. Projects identified as Committed have secured funding and are prioritized for implementation within the 10-year horizon. These projects are assessed against reserve and reserve fund targets to ensure financial feasibility. Should funding levels fall short or reserve balances decline below established thresholds, lower-priority projects are reclassified as Not Committed to preserve the integrity of the plan and maintain fiscal discipline.

Not Committed projects, along with data from the City's CAM Plan, inform the calculation of Mississauga's infrastructure funding gap. As discussed earlier, this gap reflects the difference between identified infrastructure needs and available funding, providing transparency around future pressures and reinforcing the importance of sustained contributions to the Capital Infrastructure and Debt Repayment Levy.

In addition, Pre-Planning projects represent early-stage concepts with undefined scopes, timelines, or costs. Departments are encouraged to identify these emerging needs during the capital planning process to support long-term prioritization and proactive financial planning.

While capital plans for the first four to six years are generally well defined, projections in the later years are more uncertain due to economic variability affecting costing projections and potential funding limitations. This often results in a perceived increase in available funding in the final years of the plan. However, this effect can underestimate the actual funding required in future years. To address this, the City should maintain flexibility in its financial strategy, allowing for temporary dips below reserve targets in the early years if the 10-year capital plan remains balanced overall.

Appendix 7: Provincial Legislation Impacting Development Charges

Within the last five years, the Provincial government has enacted legislation resulting in significant changes to Development Charges.

Bill 108, More Homes, More Choice Act, 2019

Initiated the decline in DC revenue which introduced the freezing of the DC rates at the time of re-zoning or site-plan application, as well as the deferral of the payment of DCs for rental and institutional development. The freezing of the rates has significantly reduced the amount of DC receipts, whereas the deferral of DCs has posed short-term cash flow issues for municipalities.

Bill 23, More Homes Built Faster Act, 2022

Received Royal Assent on November 28, 2022, and introduced significant changes to DC rates approved by Council. One of the key changes was a mandatory phase-in of DC rates, requiring municipalities to apply a 20 per cent retroactive discount to all residential and non-residential DCs in the first year of a new by-law. This discount decreases by five per cent each year, meaning the full Council-approved rates are only realized in the fifth year.

Bill 23 also introduced a tiered discount on purpose-built rental units, where the DCs are discounted between 15 and 25 per cent depending on the number of bedrooms.

Bill 185, Cutting Red Tape to Build More Homes Act, 2024

Introduced in 2024, Bill 185 repealed the retroactive phase-in initiated by Bill 23; however, the discounts still apply to applications submitted between November 28, 2022, and June 6, 2024. Additionally, because DC rates are now frozen at the time a planning application is deemed complete, projects approved in earlier years may result in lower payments at the time of building permit issuance.

Bill 17, Protect Ontario by Building Faster and Smarter Act, 2025

Introduced further changes to how DCs are collected. Under this legislation, residential developers can now defer their DC payments from the time a building permit is issued to when the building is occupied. In addition, the bill removes interest charges on these deferred payments except for amounts accumulated before the bill came into effect which reduces the overall value of the DCs collected.

For urban cities like Mississauga, where greenfield areas have been built out and growth now relies on urban intensification, the deferral of DCs to the time of occupancy has a more significant impact. This is because high-density developments often take several years to complete, whereas low-density projects typically reach occupancy within a year.