



CORPORATE SERVICES *Staff Report*

REPORT NO: COR-2024-60

TO: Council

SUBMITTED BY: Greg Clark, Director of Corporate Services/CFO

PREPARED BY: Greg Clark, Director of Corporate Services/CFO

REVIEWED BY: Greg Clark, Acting CAO

DATE: December 9, 2024

SUBJECT: 2025 Operating and Capital Budget

RECOMMENDATION:

THAT the following recommendations be referred to the January 16, 2025 Special Council Meeting:

1. That the 2025 operating budget be approved at a gross expenditure budget of \$33,264,150 with a 2025 property tax and payment-in-lieu of taxes levy requirement of \$18,452,560 or 50.87 per cent over 2024:
 - a. 2025 fees, rates and charges, and inclusive of:
 - a) A water and wastewater basic service charge for each of 2025 equivalent to 2024 rates.
 - b) A water volume charge of \$2.42 per cubic meter, or 4.90 per cent increase over 2024 (excluding Foxboro Green).
 - c) A wastewater volume charge of \$3.26 per cubic meter, (\$2.40 for Morningside) or 5.90 per cent increase over 2024 (excluding Foxboro Green).
2. That the 2025 Capital Budget in the gross expenditure amount of \$26,299,201, inclusive of the following:
 - a) Funding transfers from capital reserve funds and other sources including partnerships and grants in 2025.

SUMMARY:

- The Operating and Capital Budget was released on the Townships website on Dec 3, 2025 - www.wilmot.ca/budget
- The budget includes increased investment in the following
 - Based budget - \$493,883
 - One-time Adjustments - \$209,218
 - Operating Gaps - \$1,006,250
 - Capital Funding - \$4,500,000
- The net impact to the tax levy is an increase of 50.87 per cent
- Increases of 4.90 and 5.90 per cent are proposed for water and wastewater volume rates respectively
- A capital budget of \$26,299,201 is proposed.

BACKGROUND:

Annually Council approves the operating and capital budget expenditures along with the required funding to ensure a balanced budget.

Staff present the budget to Council and the public for consideration.

REPORT:

The 2025 Operating and Capital budgets represent a turning point for the Township of Wilmot. Prior accumulated decisions have led to the current financial situation, where there are minimal reserve funds, less than sufficient annual capital funding and unsustainable operating budget practices. To address the current financial situation, Township staff are presenting the operating budget based on four distinct sections, representing the unique impacts of the decisions encompassed in each section. The total percentage increase in property tax revenue is significant due to the need to reset the Township's budget to a point where it can continue on a sustainable path. Without this significant one-time increase in property tax, the Township will be extremely limited in its ability to maintain assets and provide services.

The presentation of the budget has been broken into four key asks as follows below. Each ask provides details of what is included and the reasoning for including it.

Base Budget

These adjustments represent the impact of year-over-year changes in the costs of compensation, goods and services and increases in revenues from user fees and charges. All businesses are impacted by these increases; they impact the goods procured to maintain Township facilities and infrastructure, the services outsourced, and the utilities required to power and operate Township vehicles and facilities.

One Time Adjustments

These adjustments represent items that have been adjusted to reflect past budget issues which if not addressed will continue to cause structural issues. These are items that cannot be managed due to the fixed nature of the expense or revenue.

Operating Gap Requests

These items are prioritized based on the service currently being expected without the necessary resources to deliver the service. These resources will not expand services, but instead ensure that the Township is able to meet currently expected service levels.

Capital Funding

The capital budget is funded from several sources, including grants, development charges, Region of Waterloo contributions as well as tax and rate funded capital reserve funds. The operating budgets for tax funded services as well as water and wastewater services included an amount that is transferred annually to their respective capital reserves. The primary use of this funding is to carry our capital projects that repair, renew and replace existing Township assets.

Impact to residents

The per centage increase is significant in relation to what is normally expected on an annual basis, this is due to the historical trend of not raising taxes at a rate sufficient to properly fund capital investment.

The Figures on the next page show the relative taxes of Wilmot and its comparators, Figure 1 shows taxes as a % of household income and Figure 2 shows the net levy per capita.

Both figures show that with this increase Wilmot residents will continue to be paying taxes within comparable levels to similar municipalities. This one-time capital reset, which will form part of the base funding moving forward will set the Township on a more sustainable course overtime, providing more stable and predictable future tax increases.

Figure 1 Total Taxes as % of Household Income

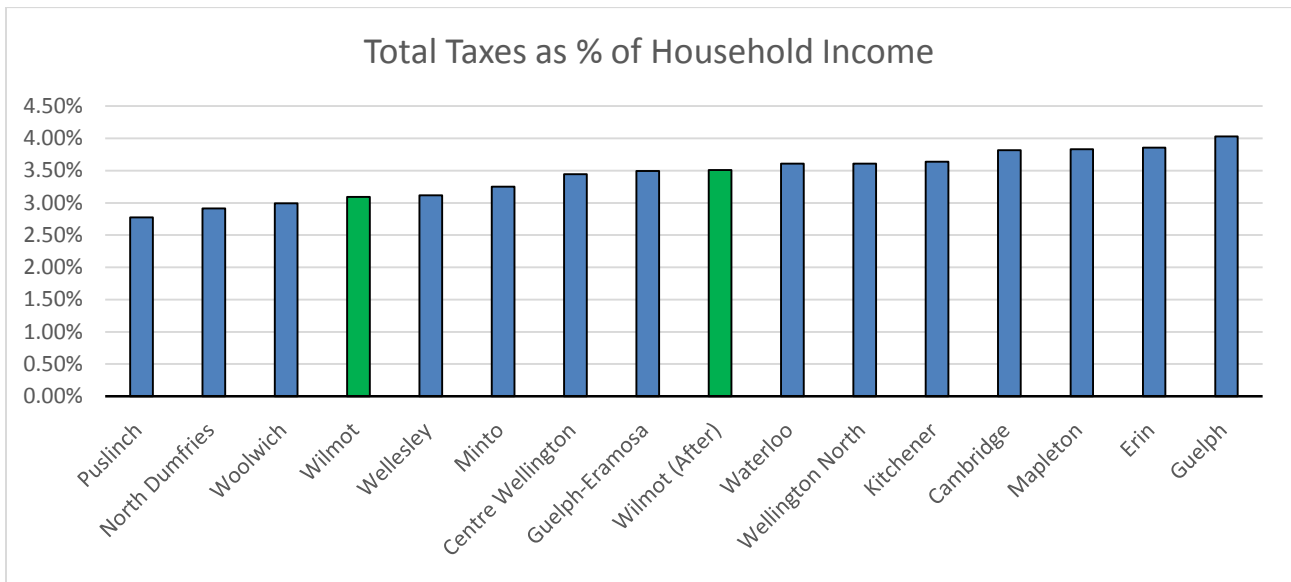


Figure 2 Net Levy per Capita

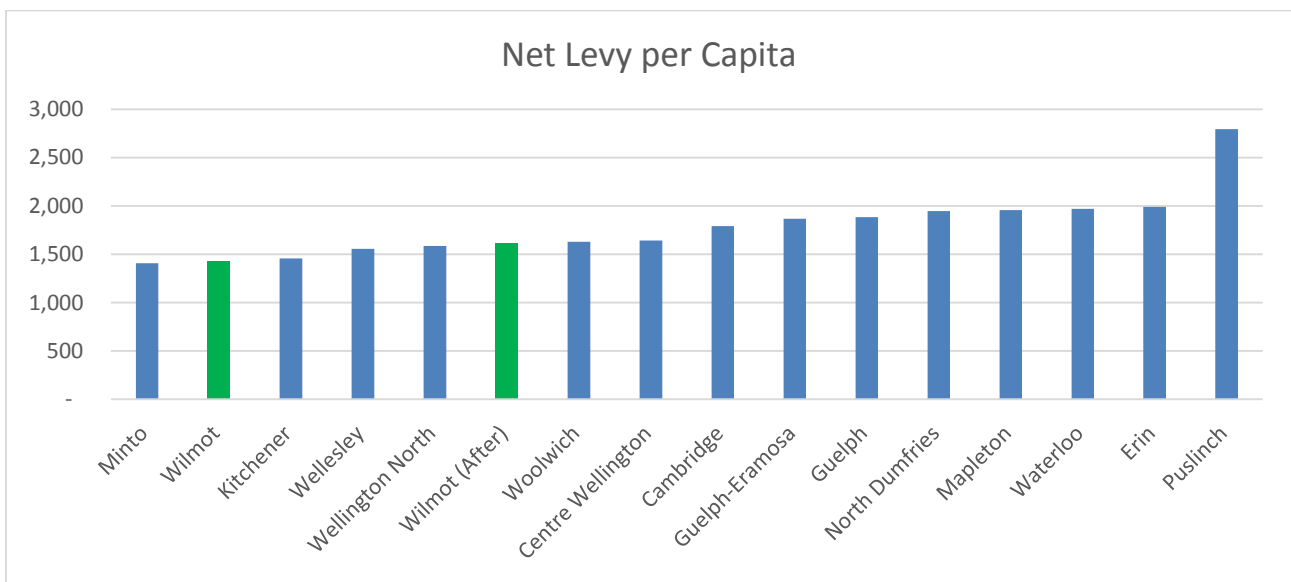
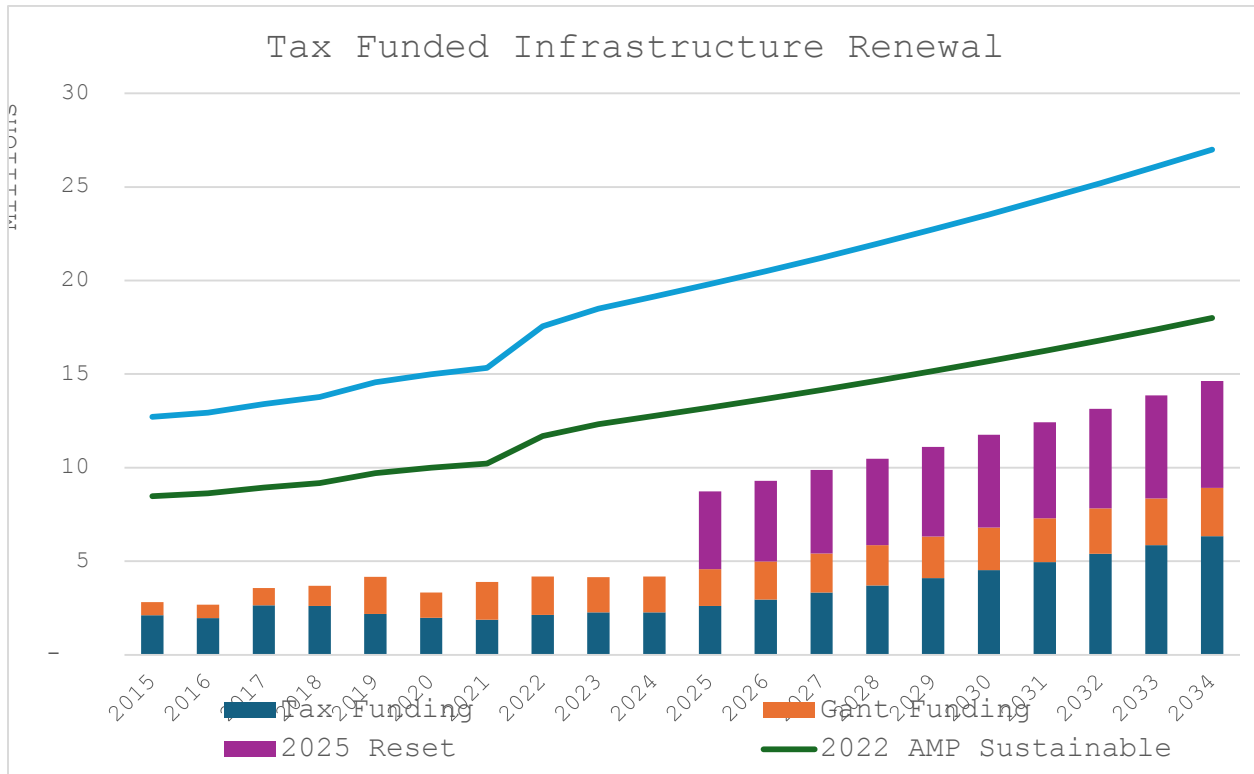


Figure 3 below shows the capital funding from tax rates and provincial and federal grants. The period of 2015 to 2024 reflects actual amounts, and 2025 to 2034 is budget estimates. To estimate the sustainable funding level prior to 2022, the historical Non-Residential Construction Price Index has been used. Forward estimates are based on cost escalations of 4 per cent annually.

The Figure shows that the tax funding (blue bars) for capital renewal over the past 10 years has been flat and represents about 35 per cent of current sustainable funding estimate or 24

per cent of the higher estimate, on average. During this 10-year period, no funds were accumulated in tax capital reserve funds, as each year’s budgeted amount was used to fund current year capital. This leaves the Township with no funding available for emergency needs, such as a large equipment failure at a facility, a major culvert wash out or stormwater pond cleanout.

Figure 3 Tax Funded Infrastructure Renewal



The increase in 2025 does not reflect the portion not collected from 2015 to 2024, instead it represents the level of annual funding that the Township should be at in 2025. Addressing the low capital contributions historically will take time and will continue to delay the timing of achieving a sustainable level of funding.

ALIGNMENT WITH THE TOWNSHIP OF WILMOT STRATEGIC PLAN:

Financial Stability – Build a strong financial foundation to support our community now and in the future.

FINANCIAL CONSIDERATIONS:

The 2025 Draft Municipal Budget provides detailed financial considerations.

ATTACHMENTS: 2025 Budget Presentation