



## CORPORATE SERVICES *Council Memo*

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TO: Council

FROM: Greg Clark, Director of Corporate Services, CFO

DATE: February 24, 2025

RE: Proposed 2025 Capital Budget – based on 9% Levy Increase for Capital

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### **Background:**

At the January 27, 2025, Special Council Meeting to debate the 2025 Operating and Capital budgets, Council approved the following motion.

*WHEREAS the Township of Wilmot is dedicated to creating a sustainable operating and capital budget, that balances fiscal responsibility with taxpayer affordability, ensuring the township's continued financial health;*

*AND WHEREAS deferring capital budget items has contributed to our current situation, with an existing infrastructure backlog of \$19 million, further deferrals would only exacerbate the issue;*

*AND WHEREAS addressing the Township's financial challenges requires a strategic and sustainable approach. It is both prudent and fiscally responsible to adopt a comprehensive strategy that addresses these needs.*

*THEREFORE, BE IT RESOLVED THAT Council directs Staff to phase in the proposed capital funding increase within the tax supported Operating Budget over a period of four years, with a 9% increase included in the 2025 Operating budget;*

*AND THAT Staff be directed to develop a ten-year capital plan for presentation during the 2026 budget process based on a 9% increase in each of the next three years;*

*AND THAT Staff develop a comprehensive, long-term funding strategy that addresses both operating and capital needs, ensuring the strategy is based on accurate financial projections and actual requirements, presented to Council as part of the 2026 Budget process.*

**Report:**

Based on direction from Council staff worked to reduce the 2025 Capital budget to fit within the proposed 9% Levy increase for Capital funding. This work only addressed the 2025 Capital budget, the additional years within the 10-year capital plan will be adjusted prior to being presented to Council for the 2026 Budget process. All the projects deferred, except for the New Hamburg Arena, will come back as part of the 2026 budget process. All these projects are required to continue to deliver services within the Township.

When identifying projects that could be deferred, staff reviewed impact to service, risk of asset failure or breakdown as well as the funding sources of the project. Staff also took into consideration discussions at Council which provide insight into Council's potential support of deferral or inclusion.

Attached to this memo is the list of projects originally included for the 2025 Capital Budget; the column "Revised 2025 Capital" reflects the projects being proposed. The "Deferred Capital" column reflects projects already directed by Council to be deferred or additional ones identified by staff (highlighted in yellow). Projects in the "Removed Capital" column are potentially being removed from future capital plans.

Based on the availability of funding and priority of projects, no additional changes are being proposed to the Corporate Services or Community Services Capital Budget. This is primarily due to the critical nature of the renewal/replacement activity relative to the low budget investment.

The approval of the replacement of the New Hamburg Fire Station and the Pumper for Station 2 and Aerial at Station 3 are being deferred for at least one year. This is based on legal advice which was shared with Council. The two vehicles which were approved as part of the 2024 Capital Budget will proceed as planned with procurement to begin immediately.

Infrastructure services has proposed deferring several projects either in whole or partially. These projects include design work for Louisa Street, Stone Street, Bleams Court, Environmental Assessments for Huron Road and Wilmot Line, Cross-Section repair at Jacob Street, and pedestrian work for the Oxford-Waterloo Bridge. These projects will be incorporated into a revised 10-year capital plan and presented to Council prior to the 2026 Budget.

**Risk of Project Deferral:**

The most immediate impact of deferring projects is that the cost of the project, whether it is a construction project or vehicle/equipment purchase is that costs continue to escalate. Given the uncertainty in our trading relationship with the US, tariffs related to aluminum, steel and other goods may impact the costs as well. As the 2026 Capital Budget and 2027-2035 Capital Forecast is prepared, these impacts will be reflected and addressed as fully as possible, given that the farther out a project is the greater the uncertainty in costing.

The deferring of projects means that vehicles/equipment, facilities, or linear infrastructure continue to age and deteriorate. This adds to annual maintenance costs as the potential for major interventions increases. As well the risk of asset failure increases, potentially leading to interruptions of service. There is also a potential health & safety impact from some deferrals, staff have reviewed projects to minimize this risk as much as possible given the budget constraints.

The projects included in the Capital Budget, are identified through various master plans, official plans, and other strategic documents. Deferring of projects beyond timelines outlined in these documents reduces the likelihood of the outcomes identified being achieved. It also leads to the necessity to update the related document to reflect the changes. As part of the 2026 budget process staff will identify related strategic documents that will require updating based on necessary changes in the 10-year capital plan.

### **Outcome:**

Making the above noted changes reduced the requirement for tax levy capital funding, however, it does not bring it to a point where there is sufficient funding to cover all projects. With the above adjustments the Proposed 2025 Capital Budget is short funding of approximately \$270,000, which is a 2.21% levy impact. (A 1% Levy impact is equal to \$122,000)

Table 1 below shows the tax levy impact of each project in the Proposed 2025 Capital Budget. This is not necessarily the total funding, as other sources such as water and wastewater, or development charges may fund a portion of the project. To balance the 2025 Capital Budget, Council will need to either approved an increase from the 9% in additional capital funding or additional projects will need to be deferred.

Table 1 Tax Levy Impact of Projects

Project & Department	2025 Capital Request #	Levy Impact
<b>Corporate Services</b>		
Annual Hardware, Software & Network Infrastructure	COR-2025-001	200,000
<b>Community Services</b>		
AED Maintenance	CS-2025-001	18,500
Masonry	CS-2025-004	15,000
Roofing System	CS-2025-007	140,000
Masonry (Historical District of Downtown New Hamburg)	CS-2025-009	73,000
Picnic Tables	CS-2025-010	10,000
HVAC & Facilities Maintenance (701-14) (Nissan MV200)	CS-2025-011	85,000
Batting Cages	CS-2025-012	40,000
Roof System (Mansard Style tar & gravel / asphalt shingles)	CS-2025-013	250,000
HVAC	CS-2025-016	97,000
Dry-O-Tron Replacement - Provisional Funding	CS-2025-017	70,000
Castle Kilbride & Administration Complex Maintenance	CS-2025-018	25,000
<b>Fire Services</b>		
Fire Attack Nozzles	FS-2025-04	24,625
<b>Infrastructure Services</b>		
Victoria Street (Hwy #7&8-Boulee St.) & Boulee Street (Hamilton Road-Victoria Street)	IS-2025-02	694,624
Bleam's Ct Grandview Avenue/Hunter St & Huron Reconstruction	IS-2025-07	189,000
Annual Pavement Restoration Hot-Mix Asphalt Urban	IS-2025-09	800,000
Annual Road Restoration, Rural CIP	IS-2025-10	600,000
Annual Program-Sidewalk Replacement	IS-2025-11	50,000
Regional Traffic Calming Program	IS-2025-13	25,000
Annual Program- Twp Traffic Calming Program	IS-2025-14	95,000
Annual Program-Structure Inspection OREG 472/10 (OSIM)	IS-2025-15	65,000
Huron Road Intersection Safety Review	IS-2025-16	25,000
Mannheim Rd (Bleam's Rd to Witmer Rd) EA	IS-2025-20	136,500
Salt Dome Replacement	IS-2025-23	49,000
OSIM Structure R&R program - Huron Road #24/B-T12	IS-2025-24	770,000
OSIM Structure R&R program - Berlett's Road #4/B-T2	IS-2025-25	250,000
Annual Program-Non-OSIM Culverts 02-3010-0414	IS-2025-26	125,000
Guiderail and Chevron Program	IS-2025-27	325,000
Fleet Attachments	IS-2025-29	40,000
Engineering Plotter	IS-2025-29	8,250
Replace 2015 Single Axle Dump (306-15)	IS-2025-29	200,000