



## CORPORATE SERVICES

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### MEMORANDUM

TO: Mayor Salonen, Members of Finance and Budget Committee

CC: Sharon Chambers, Chief Administrative Officer

FROM: Dan Elliott, Interim Treasurer and Chief Financial Officer

DATE: February 15, 2024

RE: Expanded Explanations of Unfunded Budget Options presented.

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This memo is intended to provide Finance and Budget Committee with brief expanded explanations of the Unfunded Budget Options for Considerations previously presented to Committee.

**Option 1: Sustainability Coordinator:** The addition of a sustainability coordinator to the staff complement is proposed to implement and track and report on sustainability initiatives across the organization. This position would assist in preparing any necessary grant applications and grant reporting related to any such initiatives. Additionally, this position would be the coordinator of any new statutory, regulatory, or other required disclosure reporting with respect to the Corporation's sustainability and environmental initiatives and performance which may arise in the short term. Currently sustainability, environmental and climate action reporting is gaining traction globally, and is currently required in some countries for certain organizations. There is growing expectation that such reporting requirements will become more standardized globally and be expanded to many organizations. Such reporting expansions often start with organizations which are publicly funded such as the Township.

**Option 2: Community Mailings and Advertising:** This \$15,000 additional budget provision has been proposed to include Neighbourhood Mail through Canada Post as an option to reach households, businesses and farms across Wilmot. A request to research this option came from Council. Mail delivered directly to postal codes is one communication tool that can be used as part of a targeted communication campaign that includes online and digital options to reach people in their preferred ways. Committee has already made a motion to include this option into the final budget for approval.

**Option 3: Media Training:** Media training is proposed as a budget option to build on the interview skills of members of Council and the Corporate Leadership Team. The media is an important partner in reaching the Wilmot community with information and updates. Spokespeople can connect with the community, instilling confidence and assurance at a time of crisis and delivering clear and timely communication in all circumstances. Good media relations helps to increase public understanding of the roles and responsibilities of municipal government and conveys how the community can engage with the Township.

**Option 4: Discretionary Budget funds for CAO and Council:** This proposal is to add discretionary funds in either or both Council and CAO budget areas to provide for flexibility in addressing issues or special needs which may arise during the year. Any such expenditures from the Council discretionary budget would require a motion by Council, while the CAO would have the delegated authority and discretion to use any such funds in the CAO's budget for projects, initiatives or events that may arise. This additional budget flexibility reduces the risks of overspending on contingencies and allows wider discretion in how these funds may be allocated. \$50,000 discretionary funding was proposed for each budget area.

**Option 5: Policy Planner:** This option is to insert the necessary flexibility to hire a new full-time position to address needs which will be raised by governance downloading through proclamation of Bill 23. Such downloading will result from ongoing regional governance reviews, and more importantly, by the pending announcements about the proclamation and implementation of Bill 23 which downloads planning policy to the local municipal level. The proposed budget is \$140,000 but may be funded in full or in part by a HAF grant from the Federal Government under that program which is set to be finalized before March 31, 2024. This proposal may be added to the budget in a couple of ways: the additional FTE is added, conditional on receiving a fixed dollar value from the HAF grant, or, the full cost of the new FTE added, subject to clarity of new downloading of responsibilities in a separate report to Council. Such report would include any known details on grant funding opportunities which may reduce the direct costs of the new position.

**Option 6 and 7: Additional Infrastructure Reserve Fund transfers:** During the 2023 budget, the actual net tax levy funding to reserves or directly to capital projects was reduced during the budget deliberations, rather than increased from the prior year. The net reduction was \$61,000, plus the planned but deleted 2.8% additional tax levy contribution for 2023. With an inflationary index added, this value becomes \$352,500. In addition to this inflation on non-residential construction was 8.1% for the period June 22 to June 23. This inflation eroded the purchasing power of our contributions by \$110,000. Committee has received clear messaging that the Township's largest budget issue is the limited capital funding provided by the tax budget. At this stage of our budget reviews, any incremental adjustment to the transfer to capital reserves provision contained in the draft budget will go towards further addressing the funding issue. Transfers to capital reserves need to increase by millions of dollars in the coming years, so every step forward helps address the issue, and brings financial stability closer for the municipality. The current draft budget only includes a 3.1% inflationary adjustment over last year's net contribution, plus a 2.8% tax levy adjustment directly for capital funding, for a combined increase over 2023 amounts of \$364,300.

**Option 8: Additional Infrastructure Services staffing for development engineering, construction management and Drinking Water operating system expansion:** This proposal is intended to add three additional full-time engineering or operations staff. The staff are required in three different portfolio areas, and will be funded by development revenue, cost-recovery and through off-setting consultant costs. The three roles are in the following portfolios:

- Development Engineering (funded by deferred and active development revenues)
- Construction and Capital Project Management (funded by capital project billing revenue and consultant fees reallocation)
- Water/Wastewater Operations (funded by area-rated cost-recovery and user fees)

These are proposed to better manage and save costs on capital projects, improve the quality of built products in construction services, and ensure legislated requirements are met in development and drinking water operating environments. There is no proposed net tax impact on the Township tax budget, as these positions would be funded in part by capital re-allocation, development charges, capital revenues, development revenues, and local improvement costs (in the case of the Knipfel water project). These new staff would replace the use of third-party engineering and project management firms funded from within the capital program, engineering operating program and the supporting funding sources. These roles should be reviewed independently as they address different program area needs.

**Option 9: Inclusion of the servicing costs of the recommended 2024 levy funded debentures:**

The draft budget presented for review included the issuance of debenture financing to fund necessary capital projects that would otherwise be funded by tax levy funding sources such as reserves, which are otherwise exhausted by other projects in the 2024 capital program. The estimated carrying costs of the proposed levy funded debentures is \$219,000 per year for 20 years. This amount will not be incurred during 2024 but will commence in 2025. Council can decide to continue past practice of deferring this cost to the following budget, or to begin following industry best practice of including the carry cost in the budget in the year of debt approval. If this amount is not included in the 2024 tax levy budget, it must be added to the 2025 budget.

**Option 10: Conversion of part-time to full-time Fire Prevention/Public Educator:** This proposal is to convert a part-time position into a full-time position, to increase the capacity of the department to meet expected service levels. With the recent closure of the Waterloo Region Community Safety Village, the need for additional local resources to meet educational and fire prevention work in the Wilmot Township communities is ever more pressing. Demand for on-site training and education sessions in schools, as well as other institutions and businesses has risen since the closure. Public education is listed as the first line of defense against fires and is recognized as lowering the incidence of emergencies by empowering citizens to take proactive measures prior to an emergency happening, and thereby reducing suffering, death, and economic losses, while building community resilience.