

# Township of Wilmot 2025 Budget

## Council Question Response

Councillor: All

Date: January 7, 2025

Method: Public Meeting

Question: Please provide a 10-year capital plan

During the Public Delegation night, a comment theme was the need for a 10-year capital plan to be presented to Council. This question has also been raised by Council directly to staff through conversations.

The reason for not presenting a 10-year capital plan was due to the following:

- Large unfunded status of the overall plan, including 2025. A significant portion of the plan relied on the issuance of additional debt, in excess of \$25 million.
- Incompleteness of project listing, not all projects were represented in the previous plans. This is based on the Asset Management Plan showing a much higher level of renewal activity than was reflected in the plan.
- Need to update the data behind the Asset Management Plan to ensure it includes the correct replacement values and condition status. Based on preliminary review of the plan against available external data, the replacement values are understated, and the condition status is not based on actual condition but on age for a large amount of underground infrastructure.
- Potential for Development Charge funding, the current DC Study is in progress, it was paused last summer when the province allowed municipalities to change expiry dates without having to make any other changes. The reason for this is that work being carried out on master plans in both Community Services and Infrastructure Services would not be able to be included. This work has potential to add both new projects and new funding.

The 10-year capital plan attached to this memo provides a draft view of what the next 10 years may require in terms of funding.

Below is the summary of required funding over the next 10 years.

In 000's	Total	2025	2026	2027	2028	2029	2030-2034
IR Tax	143,243	12,688	21,538	25,120	5,186	20,382	58,328
Water Capital	28,357	911	242	1,185	10,399	4,848	10,772
Wastewater Capital	27,657	1,160	983	1,898	2,212	1,039	20,365
CCBF	6,800	680	680	680	680	680	3,400
OCIF	12,391	1,239	1,239	1,239	1,239	1,239	6,195
Fire DC	4,788	4,788	-	-	-	-	-
Roads DC	3,224	670	-	1,238	527	21	769
Water DC	1,455	654	-	92	225	8	478
Wastewater DC	11,952	2,263	2,394	718	3,749	9	2,818
Region of Waterloo	425	425	-	-	-	-	-
Total	240,291	25,477	27,077	32,170	24,217	28,226	103,125

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Key points about the attached 10-year capital plan

- The above summary is based on a list project that is based on needs, either through AM planning or growth planning to support Official Plans
- The above list also includes projects related to three new Infrastructure Services programs that Council directed staff to include for the 2025 budget
- Based on the above notes about the AM plan and DC Study, the above totals are understated and will increase once a complete review of long-term needs is completed.
  - AM Plan updates will increase costs covered by tax and rate funding
  - DC Study has the potential to increase the amount covered by growth, however, most projects are not 100% growth funded, and new growth projects will have an impact on tax and rate funding
- The continued deferring of necessary renewal projects has created a significant backlog of required work. This work relates to maintain our assets in a state of good repair, as well as ensuring they delivery the services expected and ensuring the health and safety of both residents and staff
- The level of funding presented in the 2025 budget does not account for the need to grow reserves, while growing reserves towards target balances is best practice, the need to complete projects which have been deferred is a higher priority until such time as sufficient annual work is being carried out to keep up with critical investments
- The level of funding gap within the above, based on 2024 levels of funding with is as follows:
  - IR Tax – \$121 million
  - Water - \$23 million
  - Wastewater - \$23 million
- The current Official Plan is being updated as per the change in Planning Authority, this will impact the scope of capital investment required as well
- A long-term capital plan takes a number of years to build well, we are at the first steps of that. Establishing consistent levels of funding that allow for a level of work that prevents critical asset failure or interruption of service is required in order to proceed to the next steps, which are;
  - Compiling all projects identified through all sources, AM plan, Master Plans, Official Plans
  - Assigning proper sources of funding to each project
  - Developing a prioritization methodology to allocate scarce funding
  - Identifying impacts to service levels and required investment to achieve Council directed or legislated service levels
  - Applying a cost inflation factor based on Non-Residential Construction Price Index has not been done to this list, this can have a significant impact on projects more than a few years away. NRCPI since the beginning of the pandemic has increased 40%

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Note:

The table included in the budget binders did not summarise the capital sheets properly. Below is a revised sheet, the differences are due to:

- Two projects being removed from the capital sheets, but still in the summary (892,325)
- Funding of growth projects not calculating properly (1,586,976)
- Regional funding (Other) being captured under IR Taxes (424,558)
- Originally IR Tax and Grants were combined in one column, they have been split here for clarity

	Budget	IR Tax	Grants	IR Rates	DCs	Other
Infrastructure Services	13,351	5,829	1,439	2,070	3,587	425
Community Services	2,157	1,677	480	-	-	-
Fire Services	9,700	4,912	-	-	4,788	-
Corporate Services	200	200	-	-	-	-
Total	25,407	12,618	1,919	2,070	8,374	425