



## Staff Memo

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**Report To:** South Huron Council

**From:** **Rebekah Msuya-Collison, Chief Administrative Officer, Julia Warwick, Director of Financial Services/Treasurer, and Amanda Johnston, Manager of Community Services**

**Date:** November 10, 2025

**Subject:** Follow-up from October 27, 2025 Budget Meeting

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### **Recommendation:**

**That South Huron council receives Staff Memo FIN-03-2025 – Follow-up from October 27, 2025 Budget Meeting for information.**

### **Purpose:**

To provide Council with followup information since the October 27, 2025 Budget Meeting:

- clarification on wages and benefit increases as requested per resolution #425-2025
- information on library floor replacement project
- information on the SHRC Sound System Project
- tax levy and tax rate impact of the Council's recommendations to Mayor for the Mayor's proposed budget (resolutions #426-2025, 427-2025)

### **1. Clarification on Wage and benefit increases**

#### ***Base Wages***

Briefing: Base wages are primarily composed of the base compensation for council, the police services board, staff, and volunteer firefighters. It also includes expenses related to vacation, standby, and overtime pay.

Base wage changes for the 2026 budget relate primarily to step movements through the compensation grid in accordance with the pay administration policy (which was approved on March 20, 2023 based on a third-party staff compensation and pay equity review). Each step movement in the grid equates to a 3% increase in base wages. Normal step increases through the compensation grid levels are to be made on January 1<sup>st</sup> of each year.

Base wages have also been adjusted where necessary to right-size the budget to actuals.

### ***Cost of Living Adjustment (COLA)***

Briefing: In accordance with Section 9 of the Pay Administration Policy, each year the entire compensation grid (impacting Council, staff, and volunteer firefighters) may move up by a specific percentage, subject to Council approval of the Annual Operating Budget. The percentage shall be based on market trends and represent a contribution to the cost of living. It assists in keeping salary gaps from further widening. The formula used to calculate this increase is the annual Statistics Canada Ontario Consumer Price Index (CPI) for September each year. This CPI represents changes in prices as experienced by Ontario consumers and is one of the most widely used measures of inflation.

The annual Statistics Canada Ontario Consumer Price Index (CPI) for September 2025 is 2.0%.

### ***Benefits & Statutory Remittances***

Briefing: Benefits include group benefits plans offered by the Municipality (e.g. health, dental, etc.), pension plans, as well as statutory remittances such as CPP, EI, EHT, and WSIB.

### **Financial Impact:**

The chart below summarizes changes to wages and benefits from 2025 to 2026 by type.

<b>Change Type</b>	<b>Total Cost</b>	<b>Levy Impact</b>
Base Wages	361,277	221,530
COLA	115,279	86,762
Benefits & Statutory Remittances	21,977	18,834
<b>Total</b>	<b>498,534</b>	<b>327,126</b>

## **2. Library Flooring Replacement Project**

Staff met with library representatives to discuss the flooring project. As outlined in the current Library Agreement, the Municipality is responsible for capital projects, and the Library does not provide financial contributions toward these initiatives.

The intention of the monthly rent is to help offset some of the maintenance costs while they provide value added services to the community.

At this time, it was decided to defer the flooring project while continuing with the existing annual carpet cleaning and floor waxing services to help maintain the facility. Staff recommend deferring the Library Replacement project to a future year.

## **3. SHRC Sound System**

Staff connected with some of the major user groups at the SHRC. During these discussions it was noted that not all user groups are in the same financial position to contribute to the project, but they would all expect access to the equipment. Asking groups to contribute to a shared asset, can create challenges related to access, ownership and future adjustments. It is also recognized that a sound system is an expected amenity within a community centre, and some user groups viewed rental fees as encompassing the use of such amenities. Should the project proceed, staff may be able to achieve some cost savings through sponsorship opportunities. Staff recommend that the Municipality fund the SHRC Sound System Replacement Project, should Council wish to proceed.

#### 4. Tax Rate Increase Impact of Council Suggestions to Mayor

As per the 2026 Budget Process – Reference Guide, during the Draft Staff Budget Meetings, Council can make recommendations to the Mayor for the proposed budget.

The following resolutions were provided from the October 27th budget meeting:

Resolution #426-2025 – That South Huron Council recommends to the Mayor that the Huron Shores Area Transit System be funded from the Working Fund Reserve for the 2026 proposed budget.

Resolution #427-2025 – That South Huron Council recommends to the Mayor that the 2026-TH-01 – Engineering Services for Roof Replacement – Town Hall project be funded completely from the Gen. Admin Capital Replacement Reserve for the 2026 proposed budget.

#### Financial Impact:

The chart below shows the impact of these changes to the levy requirements and the proposed tax rate increases for 2026.

	Tax Levy Impact	Approx. Impact on Tax Rate Increase	
		Rural (Ward 1&3)	Urban (Ward 2)
Res #426-2025 Huron Shores Area Transit System funding from reserve	\$ (63,335)	(0.59) %	(0.51) %
Res #427-2025 Capital Project 2026-TH-01 funding from reserve	\$ (22,935)	(0.21) %	(0.19) %
<b>Total Impact</b>	<b>\$ (86,270)</b>	<b>(0.80) %</b>	<b>(0.70) %</b>

Note: Per the 2026 Budget Process – Reference Guide, recommendations made by Council to the Mayor for consideration does not guarantee the requested action will occur.