

BUSINESS PLAN OPERATING BUDGET

Overview Presentation



2019



Services we provide everyday



Financial Management & Condition

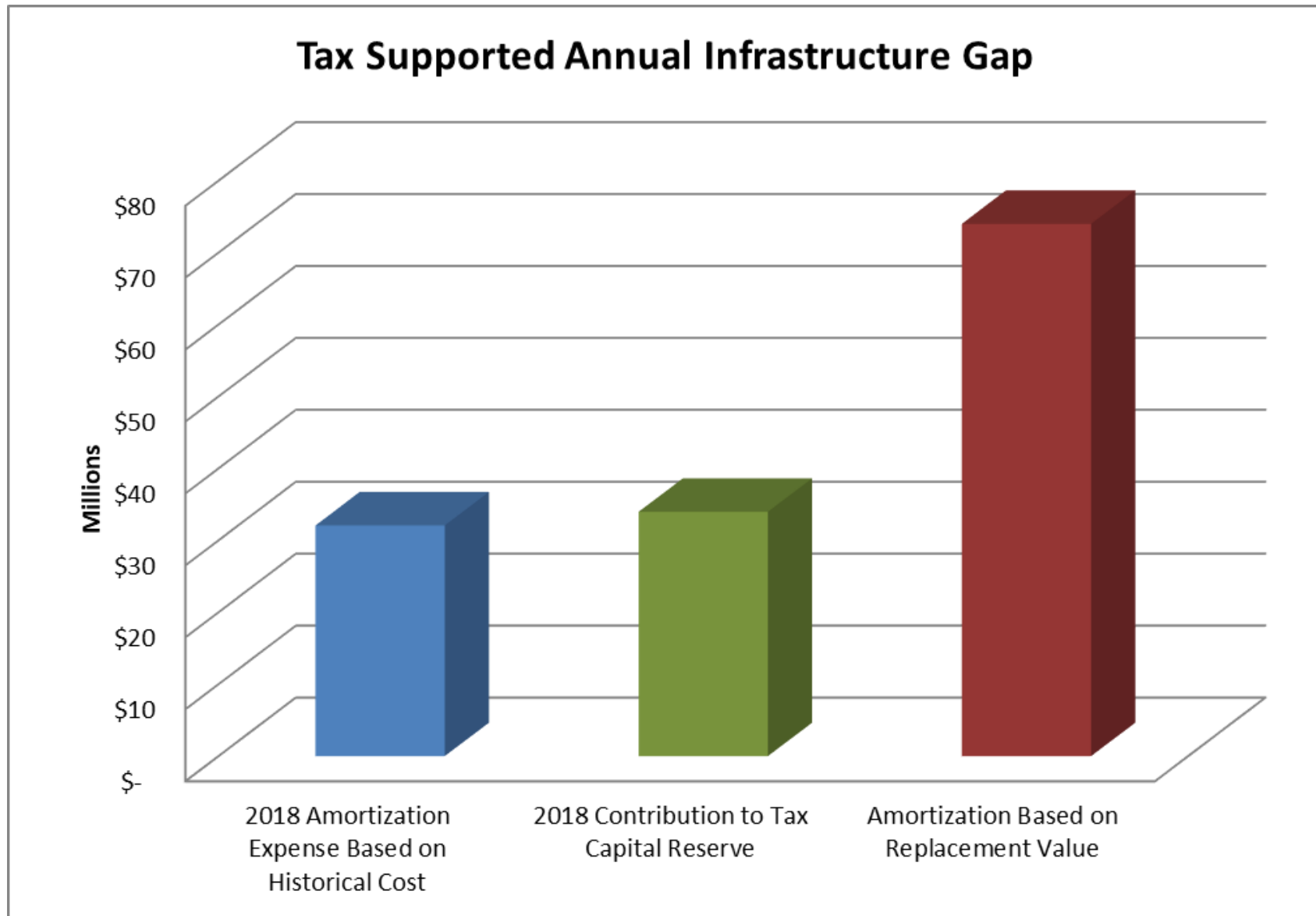
- Financial Policy Framework
- Capital Financing and Debt Policy
- Purchasing By-law
- Dedicated Infrastructure Renewal Fund
- 2018 Standard & Poor's maintains City's
AA stable credit rating

S&P Global

- Capital Reserve Balances
- Development Charge Reserves
- Affordability Thresholds



Infrastructure Gap



Economic Outlook

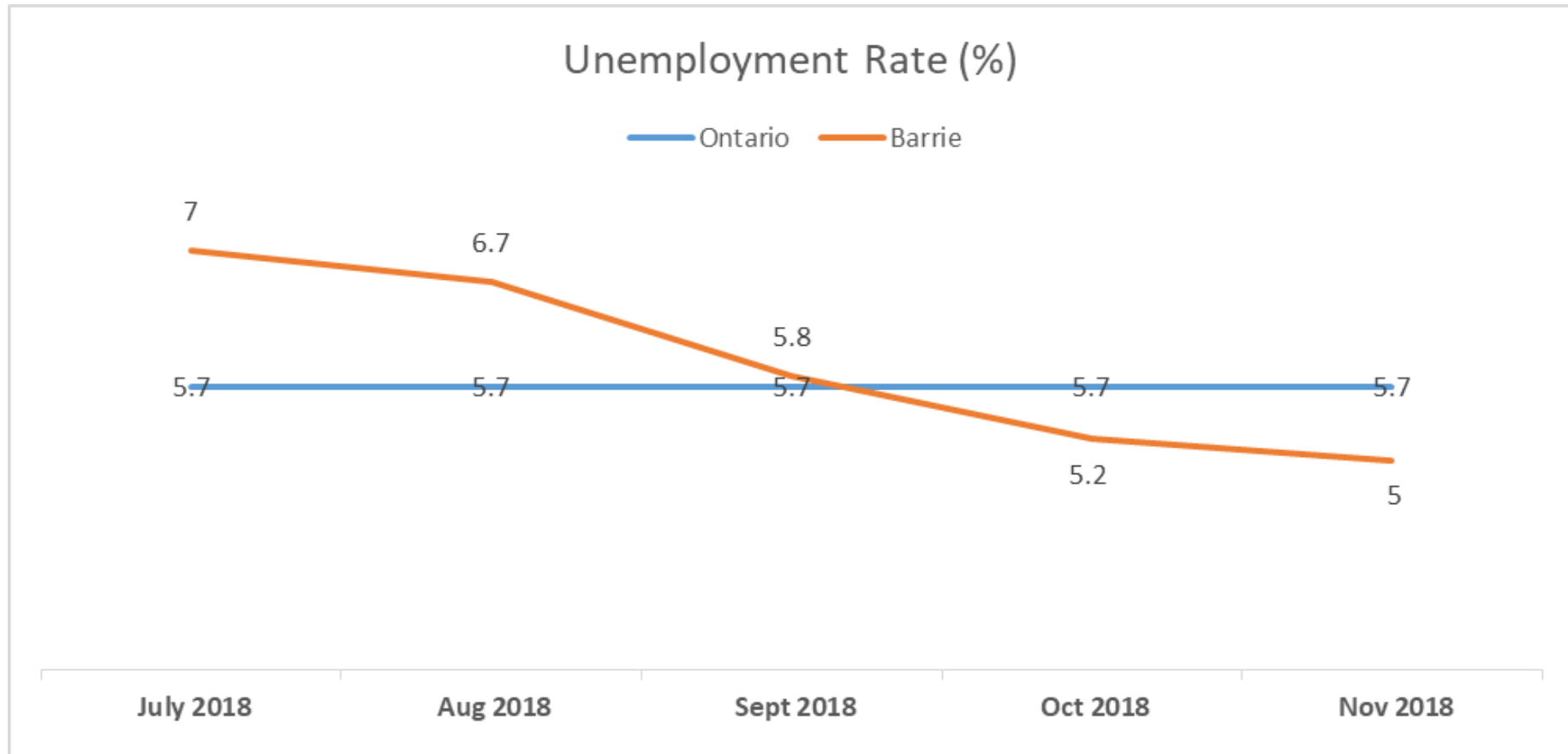
| | 2018 | 2019 | 2020 |
|-----------------|------|------|------|
| Real GDP Growth | 2.1% | 2.1% | 1.7% |
| CPI | 2.3% | 2.1% | 2.0% |

| | 4Q 2018 | 1Q 2019 | 2Q 2020 |
|---------------|---------|---------|---------|
| Interest Rate | 1.75% | 2.00% | 2.25% |

| | 3Q 2017 to 3Q 2018 |
|--|--------------------|
| Non-residential Construction Price Index | 5.2% |

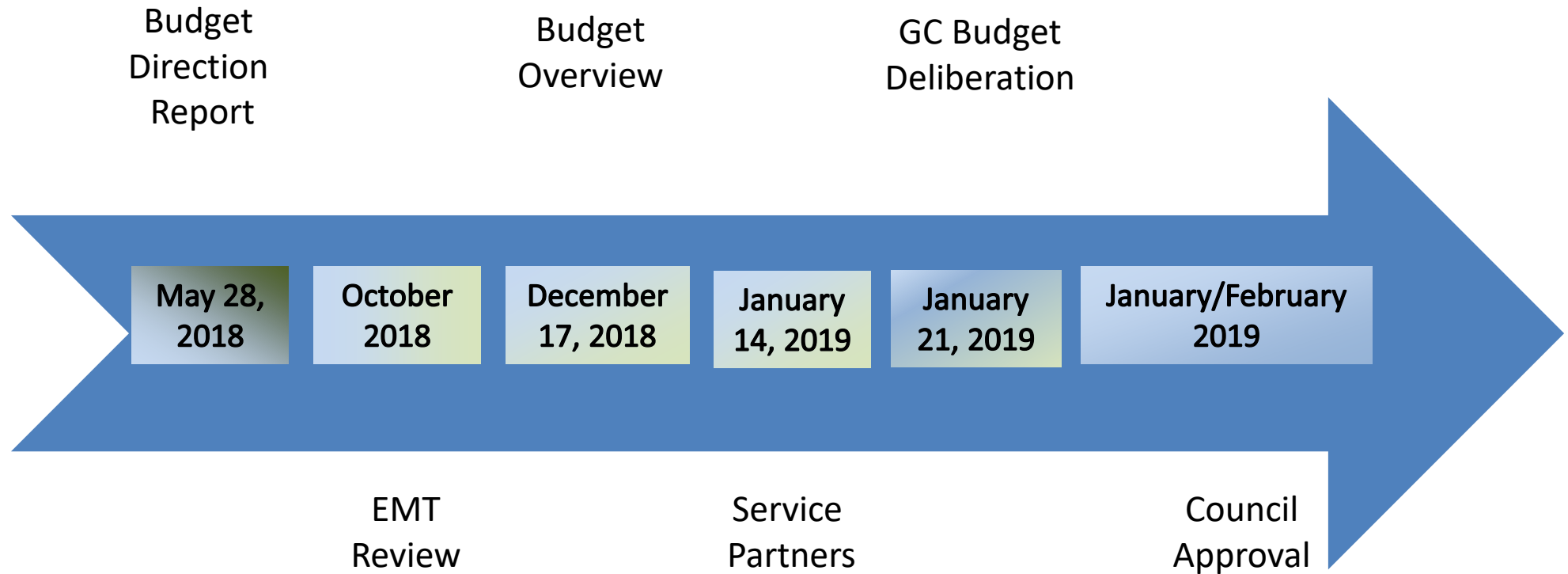
Sources: <https://www150.statcan.gc.ca/n1/daily-quotidien/181115/t001c-eng.htm>

Unemployment Rate (%)



Source: Stats Canada, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410029401>

2019 Business Plan Process

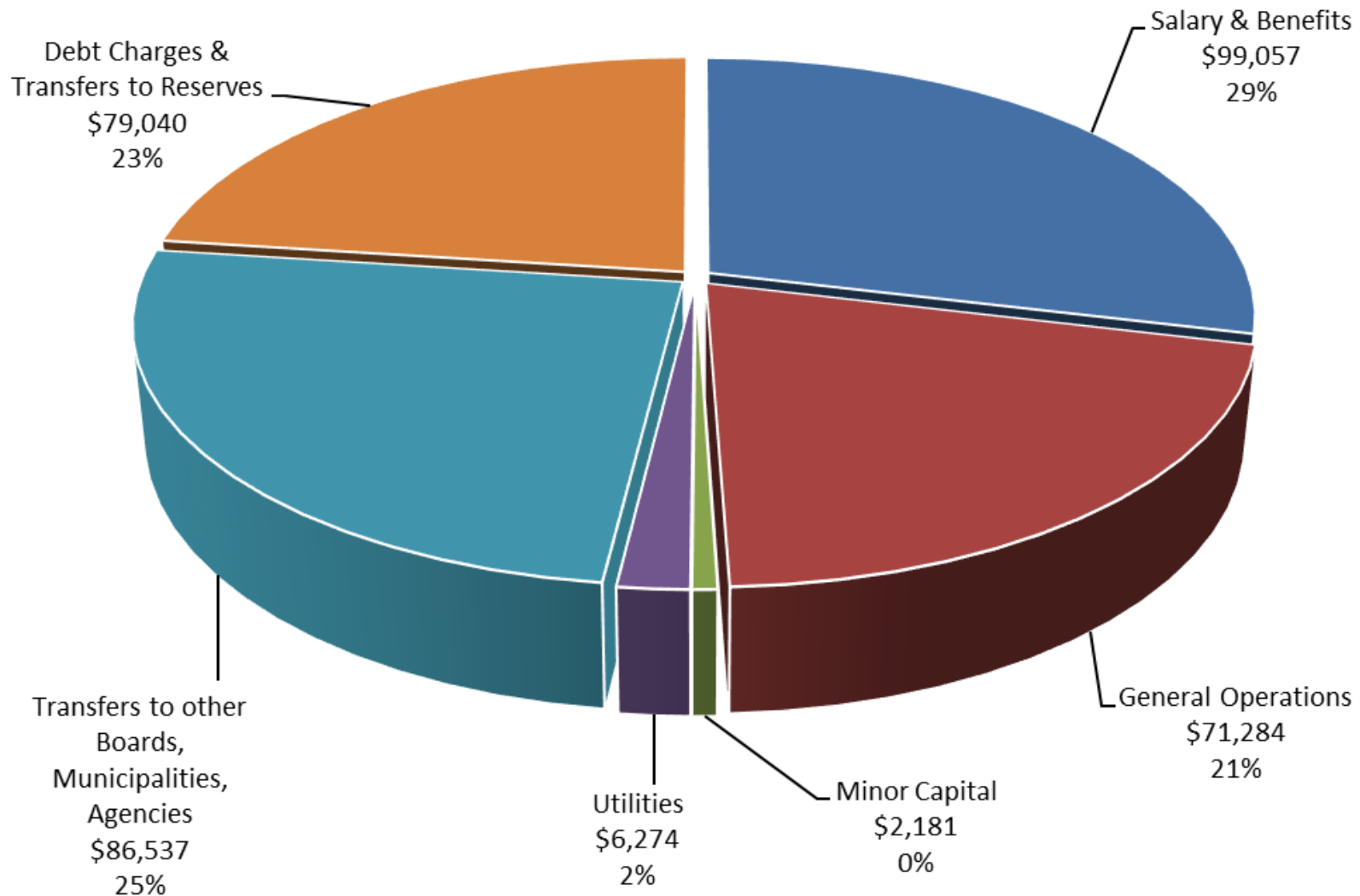


2019 Budget Directions - Operating

- **One year Operating Budget** and **three year Operating Forecast**
- A cap on any potential 2019 tax increase to 2.0% (excl. Bill 148/legislated changes and levy assoc. with Dedicated Infrastructure Renewal Fund)
 - Note: Budget direction would result in a 3.08% tax rate increase consisting of: 2.0% based increase, Identified legislated changes 0.08%, and Dedicated Infrastructure Renewal Fund is 1%
- Continuation of annual **Dedicated Infrastructure Renewal Fund**
- **Contributions to reserves** that are consistent with Financial Policies Framework (Tax)... that reflect, to the extent possible, current and future commitments against the reserves (Water/Wastewater)
- Present separately any **user fees** that are added, removed, increased or decreased by 5% or more
- Continued **public education and engagement**

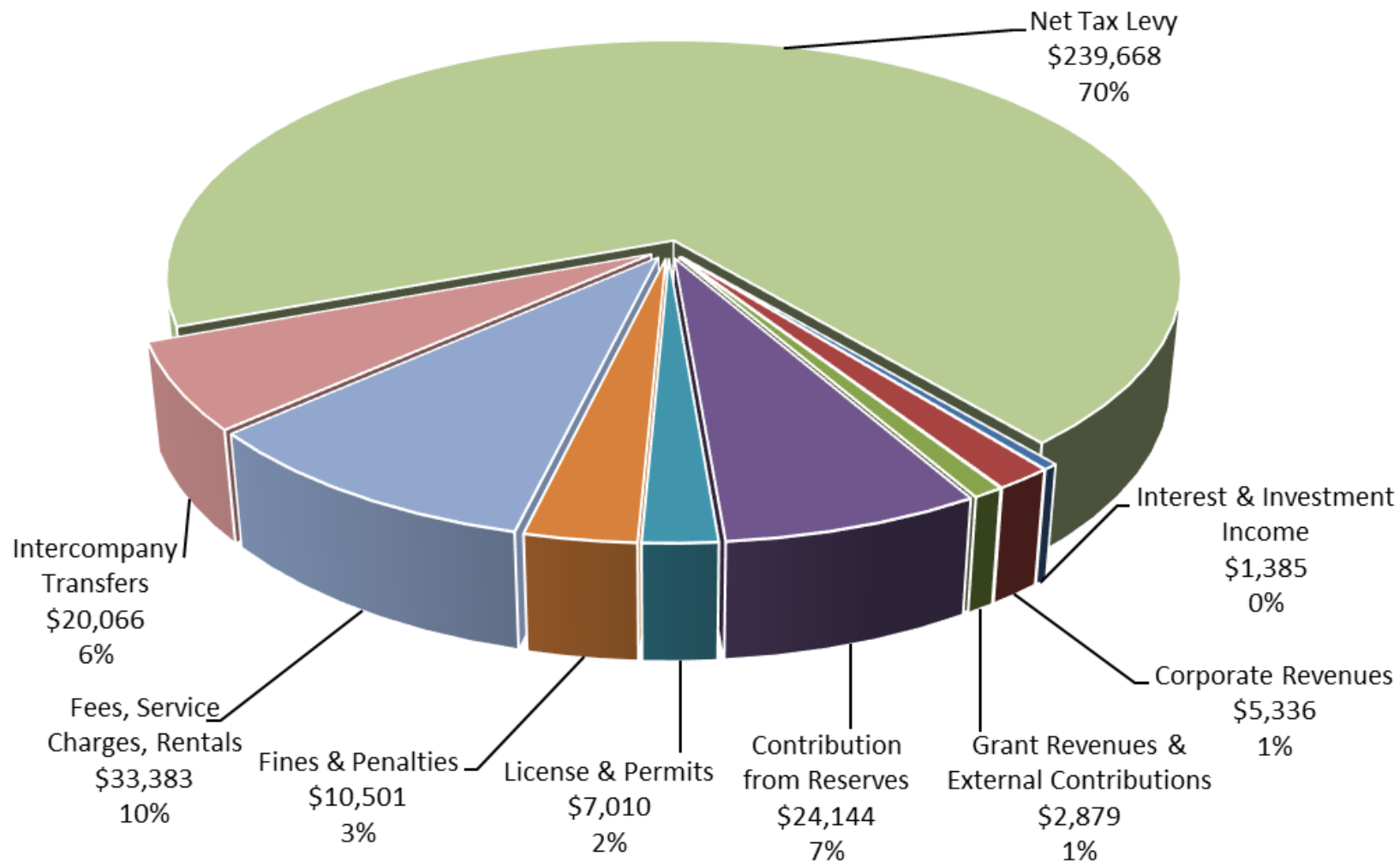
Proposed 2019 Tax Operating Budget

2019 Gross Expenditures - \$344M (\$000s)



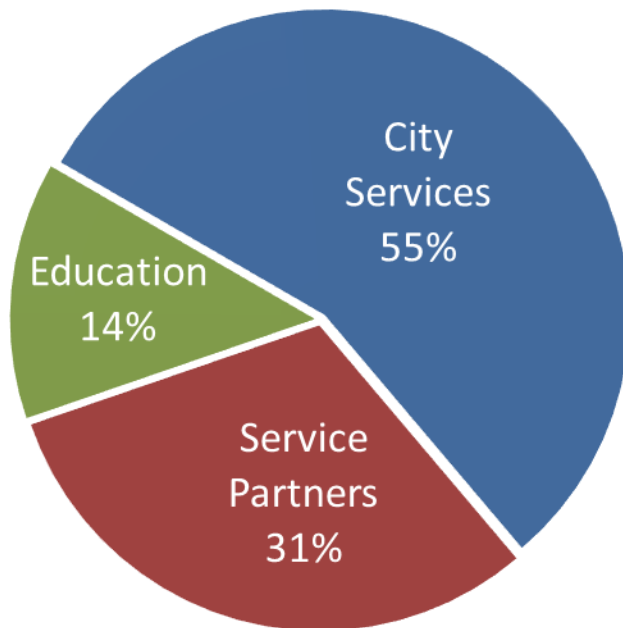
Proposed 2019 Tax Operating Budget

2019 Sources of Operating Revenue - \$344M (\$000s)

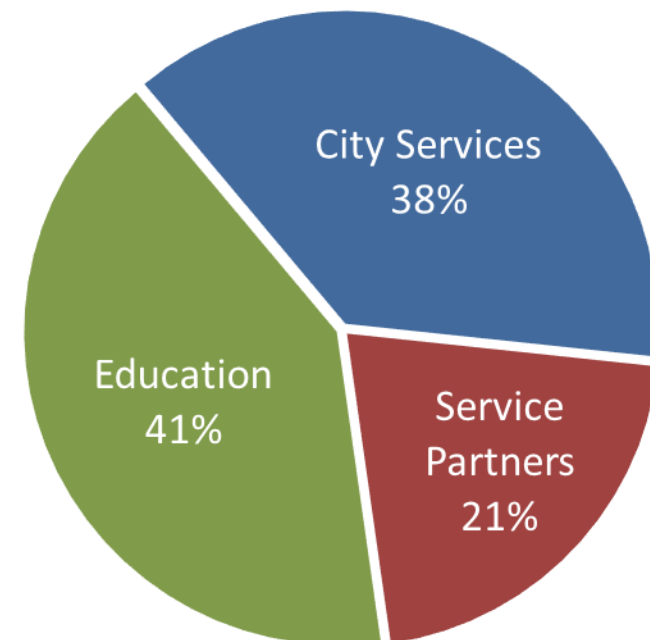


A Single Tax Bill

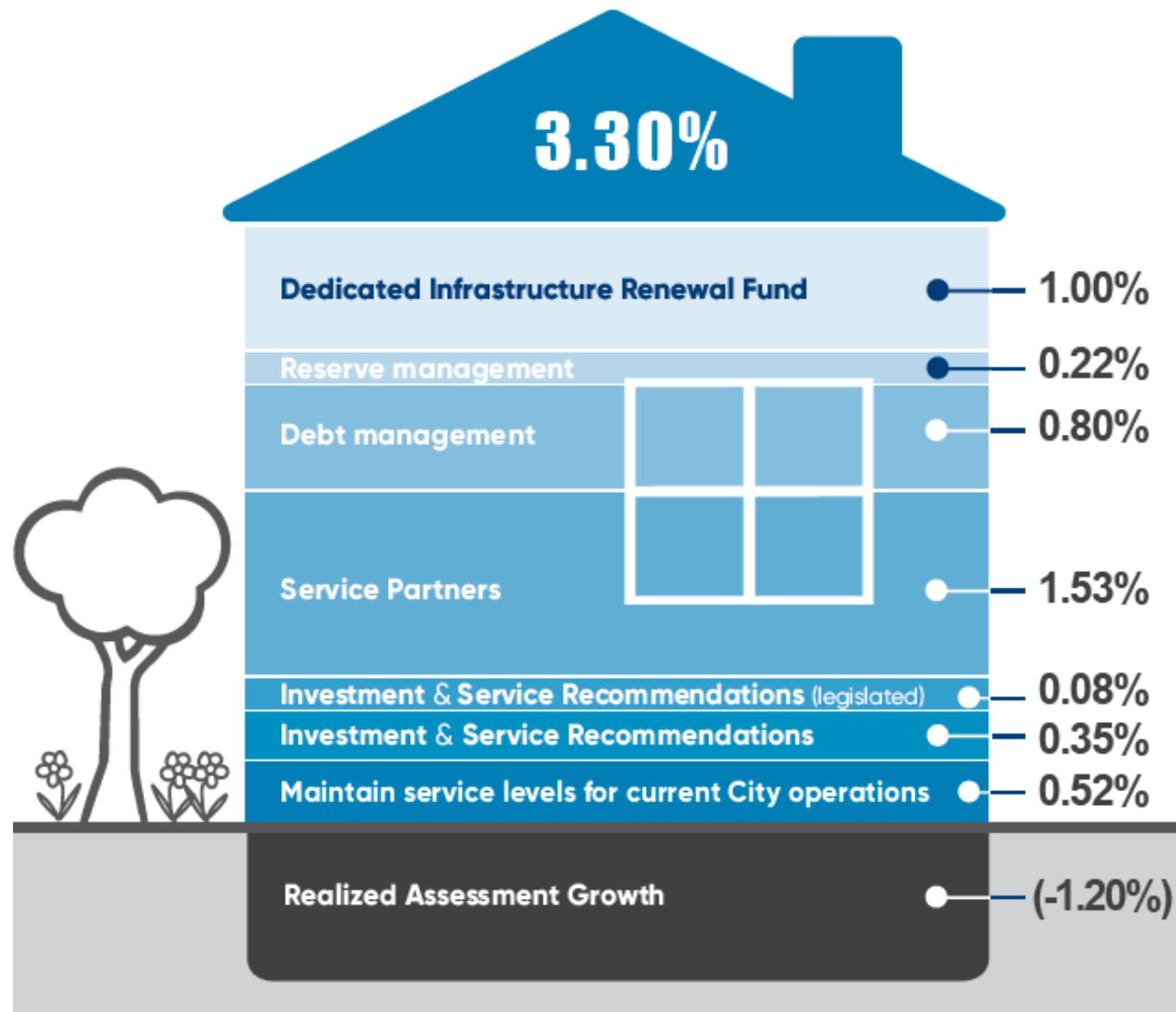
**Residential Property
Tax Bill**



**Commercial Property
Tax Bill**



Summary of Proposed Tax Budget Changes



User Rate Budgets

Water

3.44% Rate Increase

\$823K reduction in contribution to Capital Reserve

Wastewater

3.39% Rate Increase

\$98K reduction in contribution to Capital Reserve

Parking

Held at 2018 Rates

\$554K draw from Parking Reserve

Council Direction - Capital

- Update existing **10 Year Capital Plan** (1 Year Budget, 4 Year Forecast, 5 Year Outlook)
- Prepare the 2019 Capital Budget with appropriate consideration of:
 - Council's **strategic goals**,
 - Focus on the execution of **Growth Management Plans**,
 - Investment in renewing the City's existing infrastructure utilizing a **risk based approach to project selection**,
 - Availability of **financial resources** and consideration of the Financial Policy Framework, and
 - Availability of **staff resources** to do the work.

Net Operating Impact of Capital

Capital Projects

Infrastructure Renewal

Roof replacement will prolong the life of the facility.



City Building

Addition to an existing recreation centre will add services provided by the City.



Growth

Development of a new recreation facility to service a new subdivision.



Operating Costs



Energy Savings



Additional Staff Costs



Utility Costs



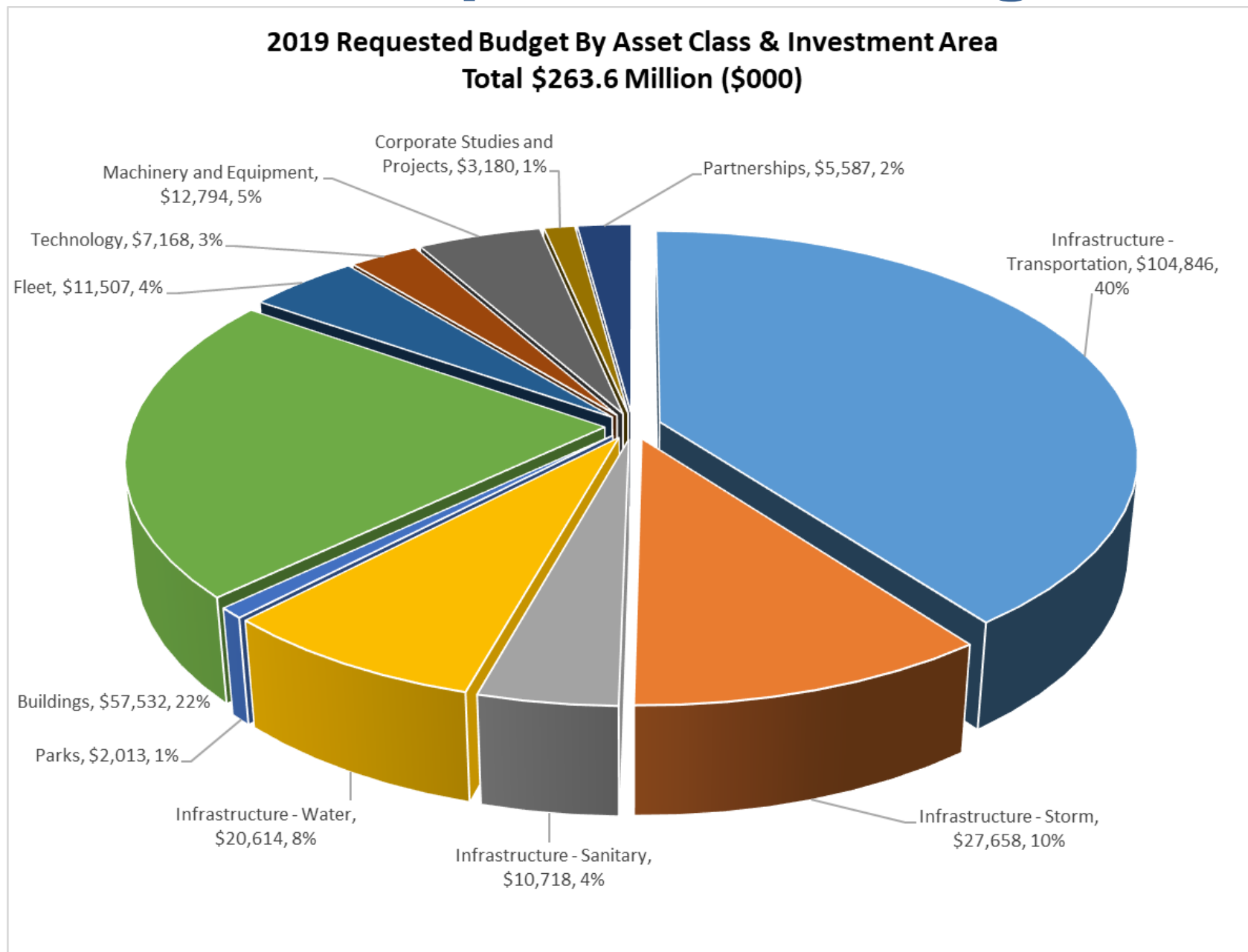
New Service Revenue

2019 Capital Plan

| 2019 - 2023 Capital Budget | 2019 | 2020 | 2021 | 2022 | 2023 | Grand Total |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Previously Approved (Committed) | \$ 99,833,478 | \$ 42,795,080 | \$ 993,100 | \$ - | \$ - | \$ 143,621,658 |
| New Capital Requests | \$ 87,870,222 | \$ 26,515,952 | \$ 5,608,933 | \$ - | \$ - | \$ 119,995,107 |
| New Investment and Service Recommendations (for Operating Budget requests) | \$ 65,133 | \$ - | \$ - | \$ - | \$ - | \$ 65,133 |
| Total 2019 Capital Budget | \$ 187,768,833 | \$ 69,311,032 | \$ 6,602,033 | \$ - | \$ - | \$ 263,681,898 |
| Forecast | \$ - | \$ 157,794,818 | \$ 199,461,971 | \$ 165,679,676 | \$ 186,137,914 | \$ 709,074,379 |
| Grand Total 2019-2023 Capital Budget | \$ 187,768,833 | \$ 227,105,850 | \$ 206,064,004 | \$ 165,679,676 | \$ 186,137,914 | \$ 972,756,277 |



2019 Capital Plan Budget



Capital Plan Key Projects

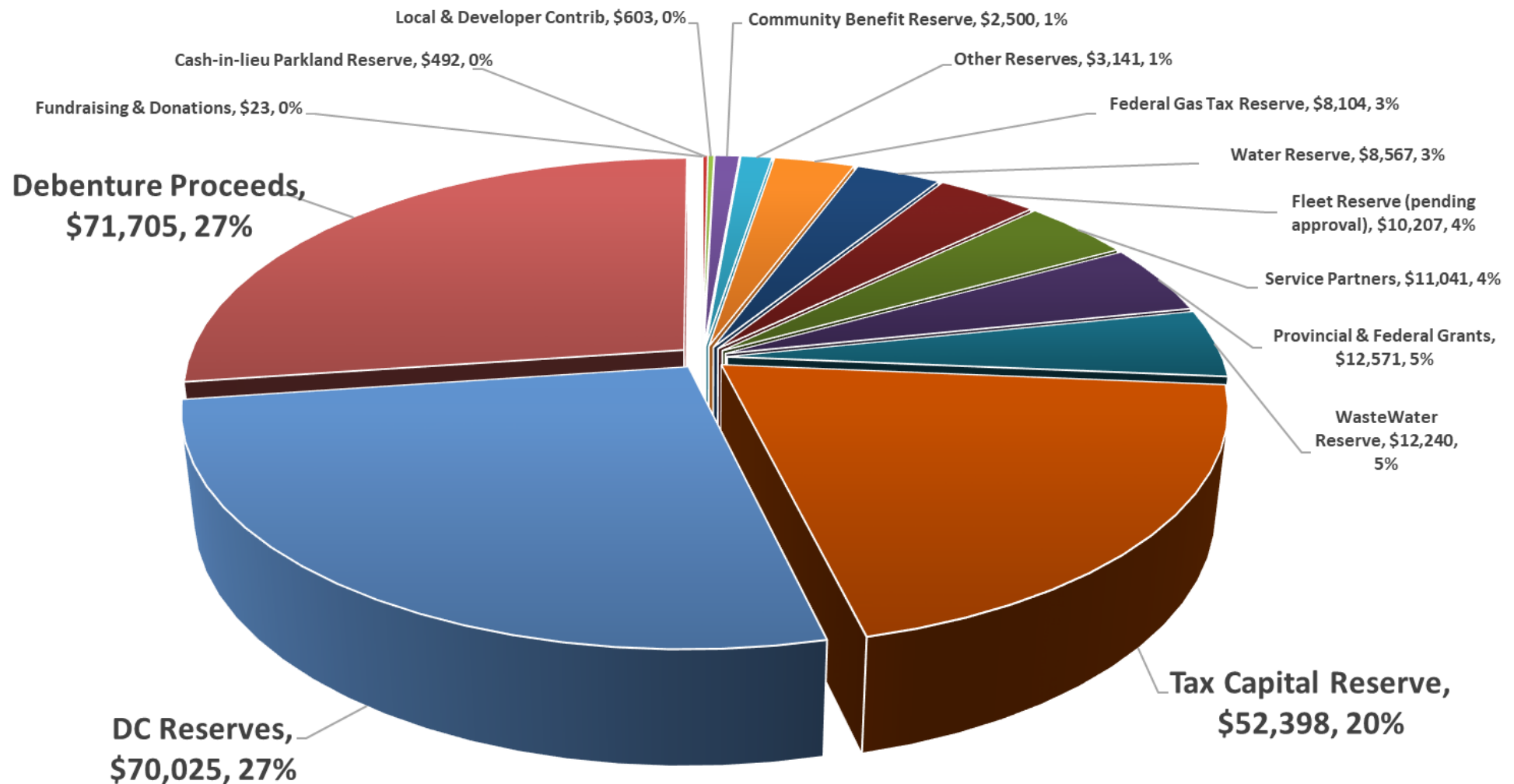


- **Barrie–Simcoe Emergency Services Campus**
- **Harvie Road Crossing**
- **Wastewater Treatment Facility Improvements**
- **Storm Water Infrastructure**
- **Mapleview Dr. E (Country Lane to Yonge)**
- **Dunlop Street Corridor Improvements**
- **Duckworth Street ROW expansion**
- **Hurst Drive Rehabilitation**
- **Neighbourhood Renewal**
- **Road Resurfacing**
- **McKay Road ROW expansion project, Veterans Drive new trunk watermain and road expansion,**
- **Lockhart Road new watermain, reservoir and ROW expansion projects**



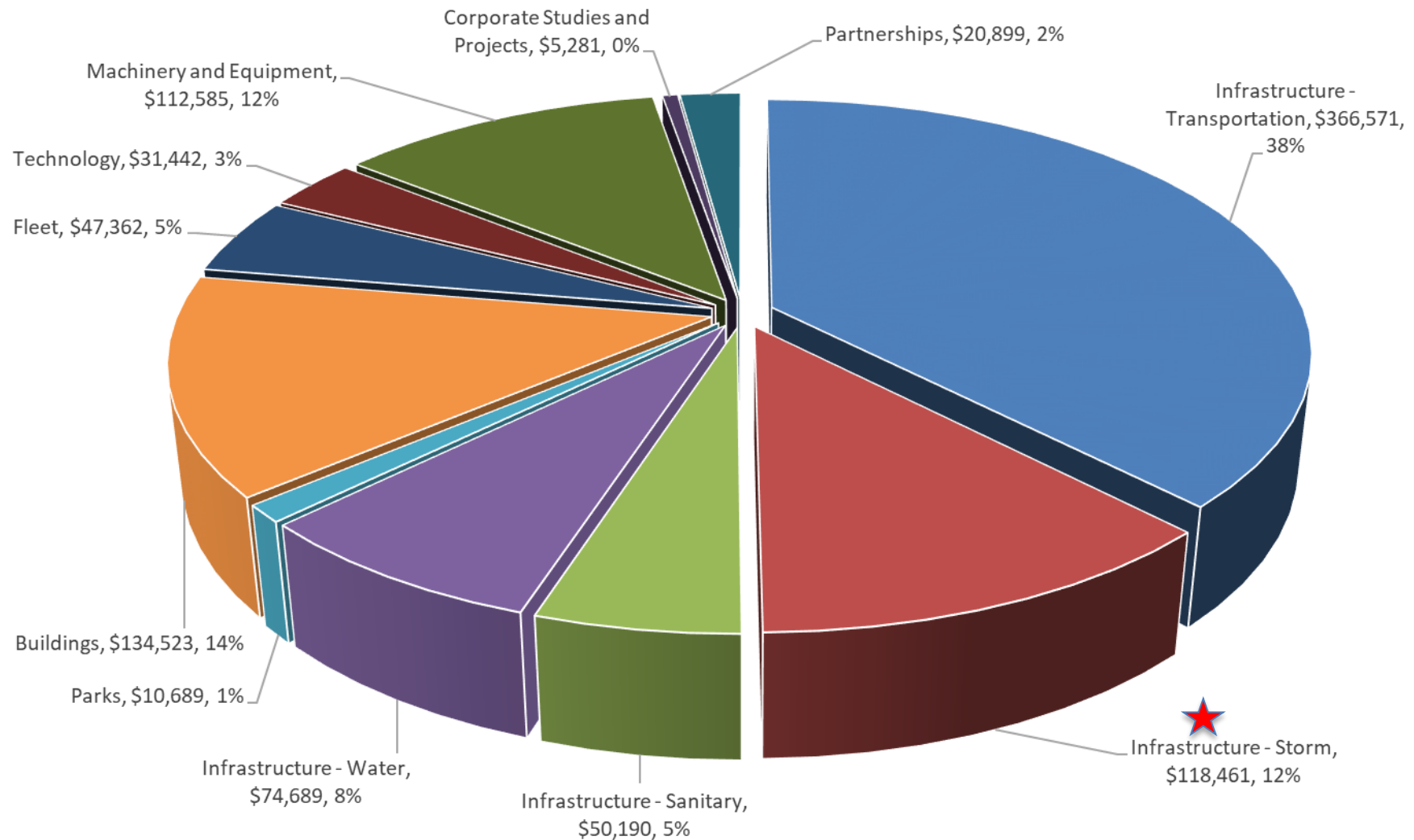
2019 Proposed Capital Budget

2019 Capital Spending Authority By Funding Source
Total \$263.6 Million (\$000s)



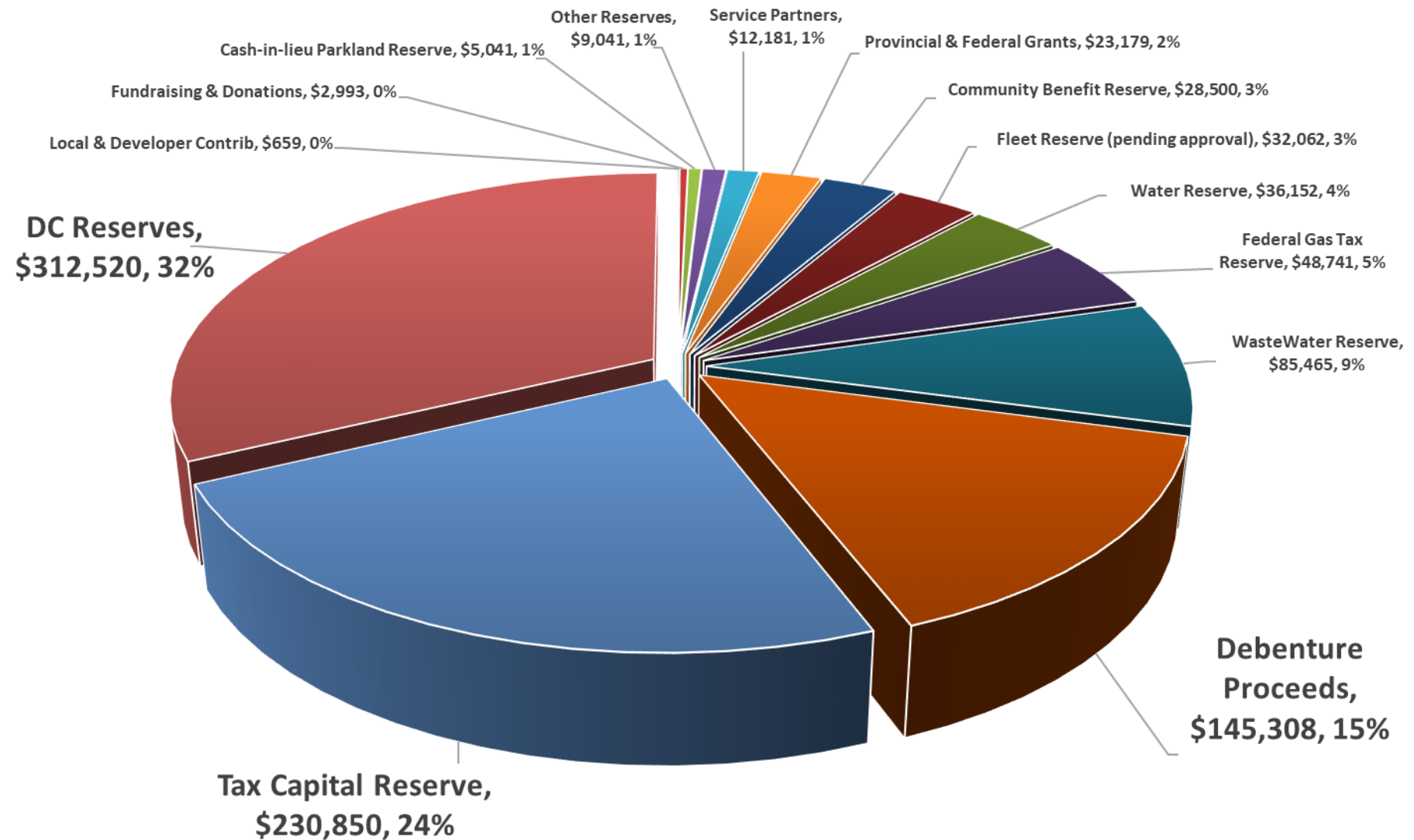
2019 to 2023 Forecasted Capital Plan

2019-2023 Requested and Forecasted Capital Budget by
Asset Class & Investment Area
Total \$972.7 Million (\$000)



2019 to 2023 Forecasted Capital Plan

2019 - 2023 Total Capital Plan by Funding Source
Total \$972.7 Million (\$000s)

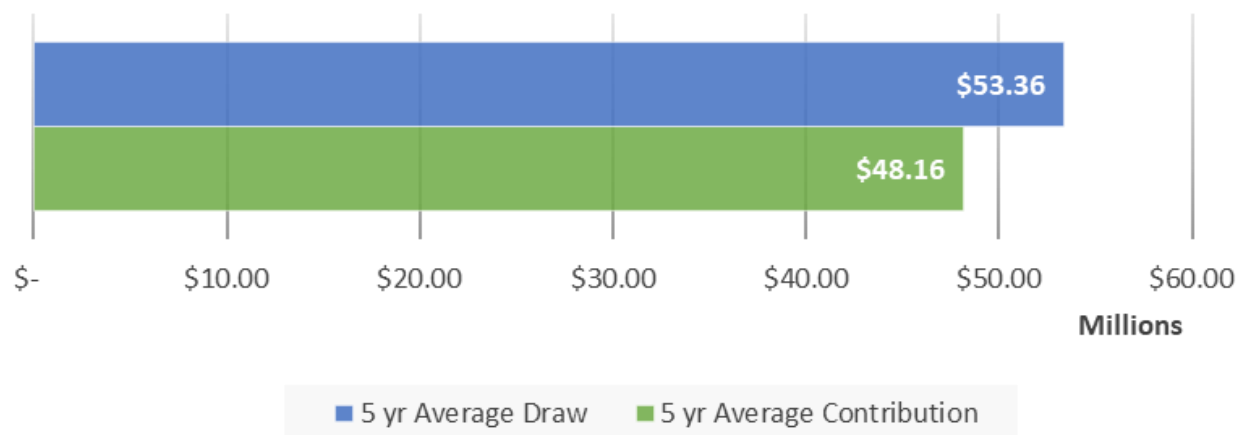


Tax Capital Reserve

| Tax Capital Reserve | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance | \$ 35,993,361 | \$ 586,783 | \$ (4,024,114) | \$ (260,087) | \$ 8,082,032 |
| Draws Previous Commitments | \$ (38,168,218) | | | | |
| Draws from Reserves – Capital | \$ (39,084,944) | \$ (50,962,173) | \$ (49,659,871) | \$ (45,623,320) | \$ (43,300,420) |
| Contribution to Reserves – Tax Capital Reserves | \$ 34,981,964 | \$ 37,560,307 | \$ 40,113,897 | \$ 42,677,024 | \$ 45,201,090 |
| Contribution to Reserves – Capital | \$ 6,864,620 | \$ 8,790,969 | \$ 13,310,000 | \$ 11,288,414 | \$ – |
| Fully Committed Reserve Balance | \$ 586,783 | \$ (4,024,114) | \$ (260,087) | \$ 8,082,032 | \$ 9,982,702 |



Tax Capital Reserve 5 yr Avg Draw vs 5 yr Avg Contribution (millions)

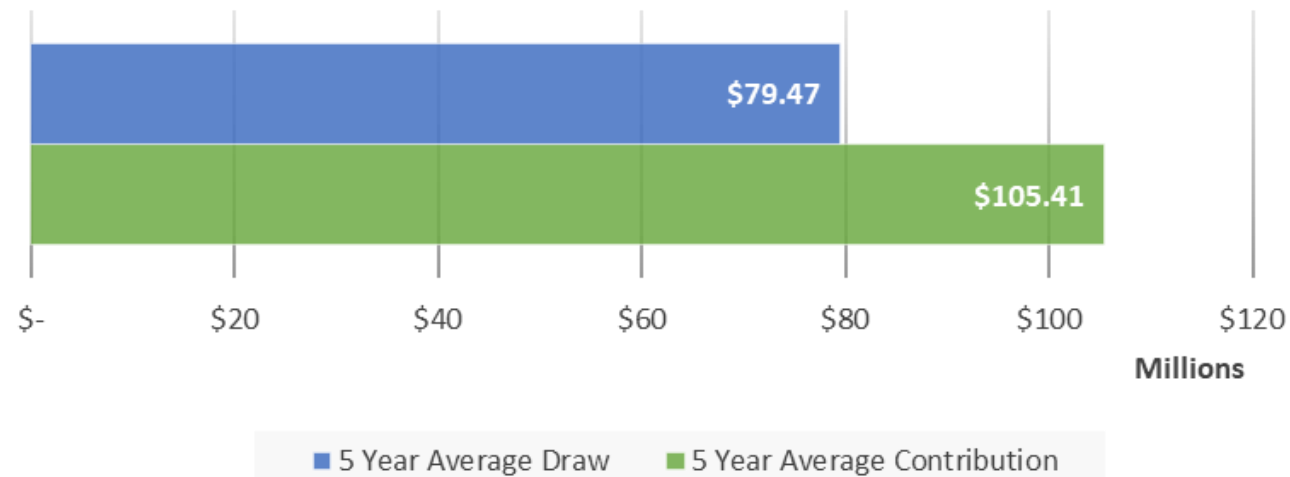


Development Charges Reserve Forecast

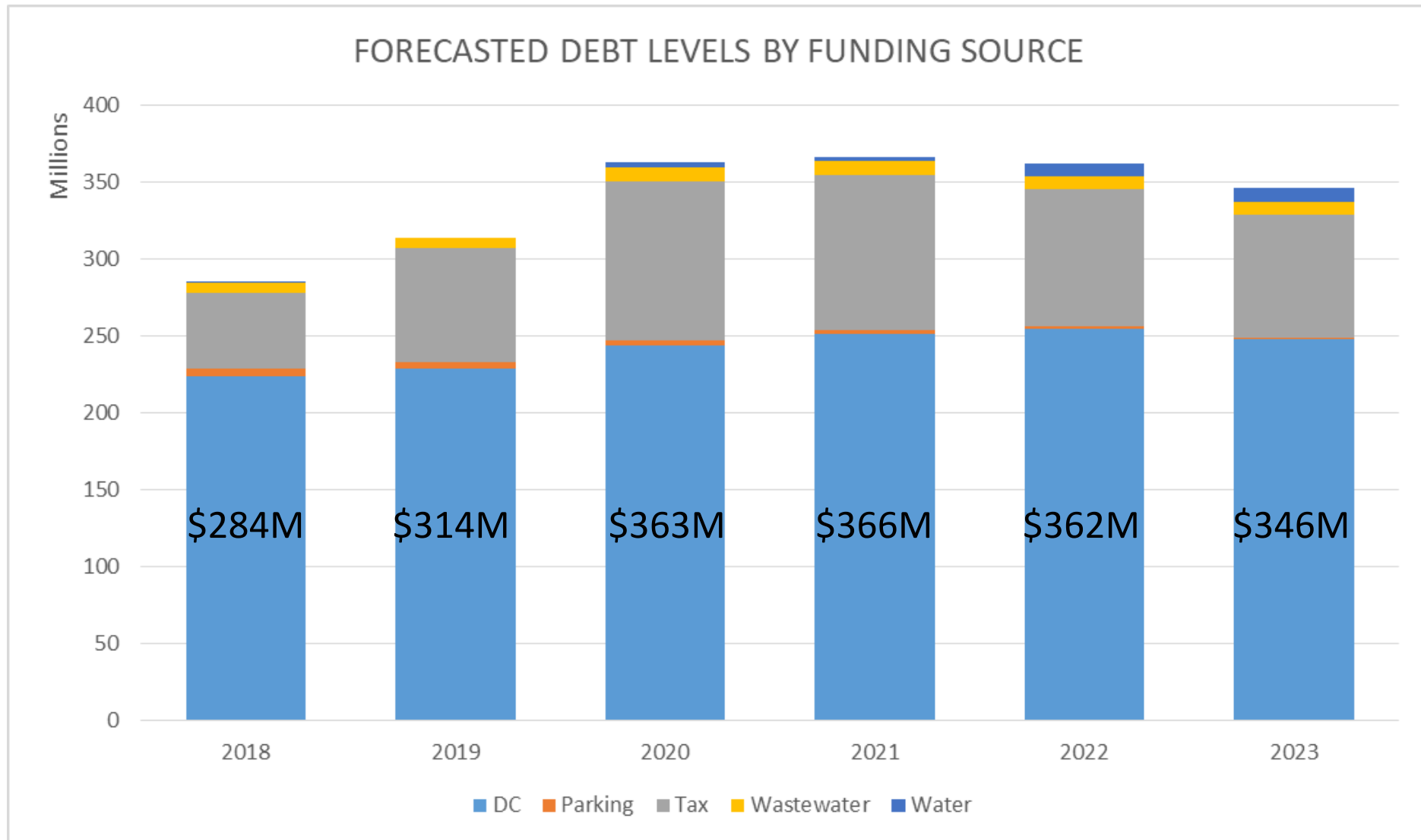
| DC Reserve | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Beginning Balance | \$ (20,372,287) | \$ (13,590,342) | \$ (21,838,275) | \$ 6,319,271 | \$ 77,749,492 |
| Draws Previous Commitments | \$ (9,219,900) | | | | |
| Draws from Reserves – Capital | \$ (24,103,984) | \$ (41,802,524) | \$ (96,281,472) | \$ (48,920,671) | \$ (64,065,238) |
| Debt Servicing Cost | \$ (18,866,924) | \$ (20,071,313) | \$ (22,654,986) | \$ (24,917,846) | \$ (26,449,475) |
| Contribution to Reserves – Capital | \$ 58,972,753 | \$ 53,625,904 | \$ 147,094,004 | \$ 145,268,738 | \$ 122,102,273 |
| Fully Committed Reserve Balance | \$ (13,590,342) | \$ (21,838,275) | \$ 6,319,271 | \$ 77,749,492 | \$ 109,337,052 |



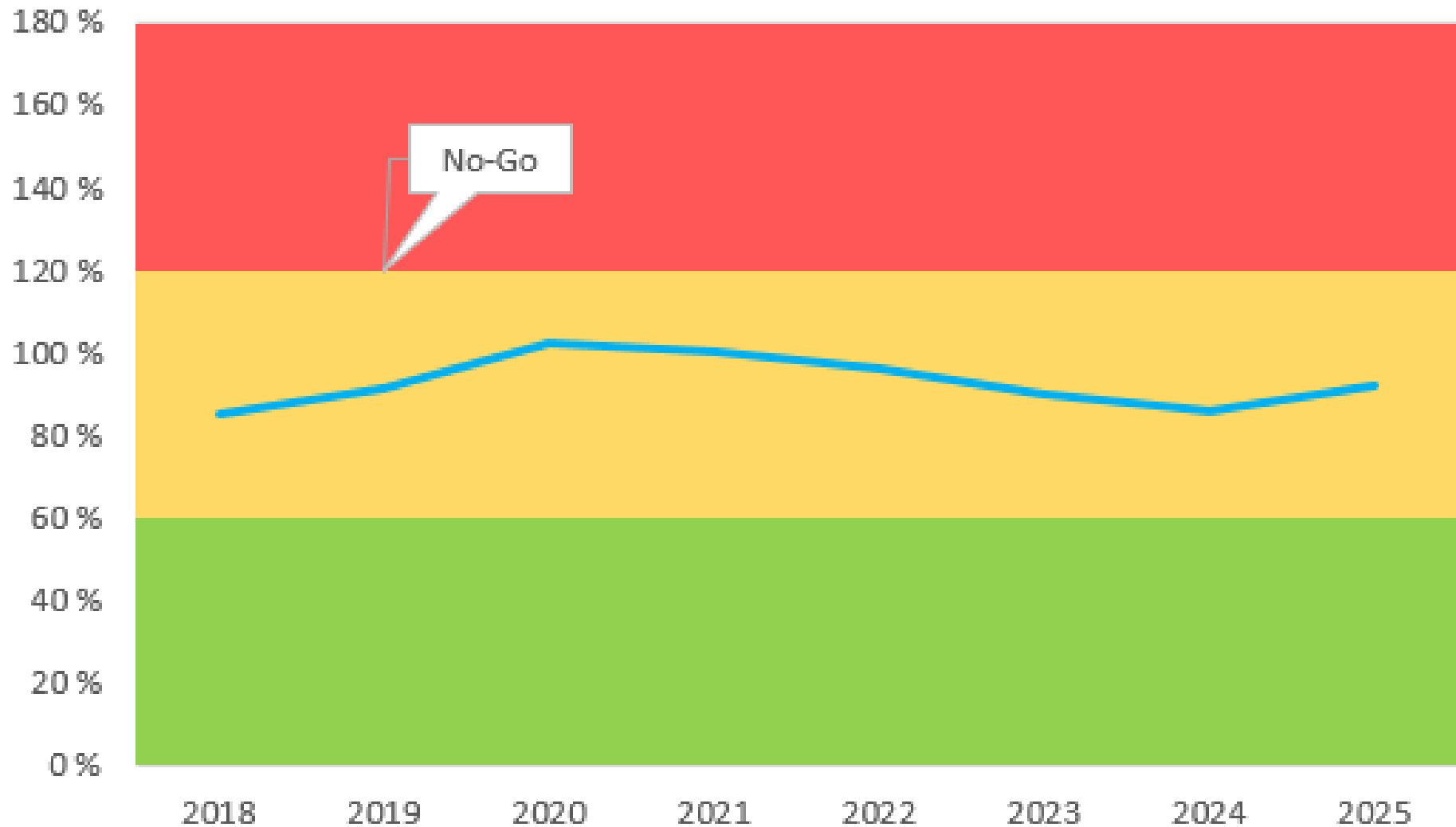
Development Charges Reserve 5 year Avg Draw vs 5 year Avg Contribution (million)



Forecasted Annual Debt Requirements



Outstanding Debt as % of Operating Revenue



Next Steps

January 14, 2019

- Service Partner Presentations

January 21, 2019

- Staff Report and General Committee Deliberations

January/February 2019

- Anticipated Council Approval of 2019 Budget

Contact www.Barrie.ca/Budget for City of Barrie budget information and to access the Budget Allocator tool.

Questions can be emailed to budget.questions@barrie.ca