



**TO:** GENERAL COMMITTEE

**SUBJECT:** 2019 BUSINESS PLAN AND BUDGET DIRECTIONS

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** M. JERMEY, MANAGER OF BUSINESS PLANNING AND BUDGETS (EXT. 4407)  
J. COWLES, SENIOR MANAGER OF CORPORATE FINANCE AND INVESTMENT (EXT. 5347)  
C. MILLAR, DIRECTOR OF FINANCE AND TREASURER (EXT. 5130)

**SUBMITTED BY:** M. PROWSE, CHIEF ADMINISTRATIVE OFFICER  
D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES  
D. FRIARY, ACTING GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT  
R. BUNN, EXECUTIVE DIRECTOR OF INNOVATE BARRIE  
R. JAMES-REID, EXECUTIVE DIRECTOR OF ACCESS BARRIE  
Z. LIFSHIZ, EXECUTIVE DIRECTOR OF INVEST BARRIE  
I. PETERS, DIRECTOR OF LEGAL SERVICES

**GENERAL MANAGER APPROVAL:** D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

**RECOMMENDED MOTION**

1. That staff prepare a Business Plan for 2019 for all tax supported services that considers:
  - a) One budget year and three forecast years;
  - b) The cost of maintaining current programs at current service levels, based on anticipated 2019 activities;
  - c) Annualization of prior period decisions;
  - d) The financial impact on the 2019 budget of Council directions throughout 2018;
  - e) Recommendations for changes to funding sources that result in a decreased reliance on property taxes;

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- f) An estimate of assessment growth based on the value of newly assessed property throughout 2018;
  - g) The continuation of an annual Dedicated Infrastructure Renewal Fund;
  - h) Contributions to reserves that are consistent with the Financial Policies Framework;
  - i) Options/strategies for smoothing the increasing cost of service delivery related to growth pressures as part of a ramp-up strategy, and;
  - j) A cap on any potential 2019 tax increase of 2%, excluding Bill 148/legislated changes, and the levy associated with the Dedicated Infrastructure Renewal Fund.
2. That staff prepare a Business Plan for 2019 for Water and Wastewater services that includes:
    - a) The cost of maintaining current programs at current service levels, based on anticipated 2019 activities;
    - b) Annualization of prior period decisions;
    - c) Recommendations for changes to user fees that reflect the full cost of providing the program or service, including fixed assets, net of any subsidy approved by Council;
    - d) An estimate of water consumption that reflects past consumption patterns and forecasted conditions in 2019;
    - e) Options/strategies for smoothing the increasing cost of service delivery related to growth pressures as part of a ramp-up strategy, and;
    - f) Contributions to reserves that are consistent with the Financial Policies Framework and Council direction that reflect, to the extent possible, the anticipated current and future commitments against the reserves.
  3. That staff prepare a Business Plan for 2019 for Parking Services that includes:
    - a) The cost of maintaining current programs at current service levels, based on anticipated 2019 activity;
    - b) Annualization of prior period decisions, and;
    - c) Recommendations for changes to user fees that reflect the long-term full cost of providing the program or service, including fixed assets, net of any subsidy approved by Council.
  4. That any significant impacts to the 2019 budget, such as recommended new investments and changes in level of service, or changes in staff complement levels, be presented for consideration.
  5. That any user fees that are added, removed, or increased/decreased by 5% or more of the current fee, be presented within the Business Plan Binder.

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6. That the existing 2018-2027 Capital Plan be used as the basis to develop a ten year Capital Plan that includes a one year capital budget, a four year forecast, and a five year capital outlook.
    - a) 1 year approved Capital Budget (2019)
      - i) With multi-year approvals in accordance with the capital control policy
      - ii) Project specifics
      - iii) Detailed funding
    - b) 4 year Capital Forecast (2020 – 2023)
      - i) Project specifics
      - ii) Detailed funding
    - c) 5 year Capital Outlook (2024 – 2028)
      - i) Project specifics where available
      - ii) Detailed funding
  7. That staff prepare the 2019 Capital Budget with appropriate consideration of:
    - a) Council's 2014-2018 strategic goals;
    - b) Continued focus on the execution of the Growth Management Plans;
    - c) Investment in renewing the City's current infrastructure utilizing a risk based approach for project selection;
    - d) Availability of financial resources and consideration of the Financial Policy Framework; and,
    - e) Availability of staff resources to do the work.
  8. That staff continue to provide public education and engagement during the 2019 Business Plan and Budget development process.
  9. That the 2019 Budget Development Schedule identified in Appendix "A", be used to develop the 2019 Business Plan for Council's review and approval no later than February 2019.
  10. That staff advise the County and all Agencies, Boards, and Commissions, of Council's expectations that:
    - a) The budget directions established herein be used when preparing their 2019 budgets; and,
    - b) Budgets are to be prepared in accordance with the 2019 Budget Development Schedule.

#### **PURPOSE & BACKGROUND**

11. This report describes the approach staff will take when preparing the 2019 Business Plan and Budget, and seeks Council's direction on guidelines and principles for staff. Council's budget directions will allow staff to efficiently build financing plans that demonstrate a clear relationship between costs and service levels.
12. As part of the 2019 Business Plan and Budget development, new investments and service level changes will be assessed to strike the right balance between providing the desired programs and maintaining affordable taxes, rates, and user fees.

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13. The City of Barrie's approach to budgeting emphasizes the use of business plans that describe what will be accomplished with requested resources. This enhances Council's control over the Corporation's financial and non-financial resources, since choices about services and service levels drive costs.
  14. For several years the City of Barrie has participated in the annual municipal study prepared by BMA Management Consulting Inc. The latest study (2017) compares 102 municipalities across Ontario in a variety of categories such as socio-economic indicators, municipal financial indicators, revenue and expenditures, user fees, tax policies, relative taxes, water and wastewater costs, and taxes as a percentage of income.
  15. For tax comparison purposes, the City typically compares its tax level to other municipalities with populations greater than 100,000. In the 2017 BMA Study, the taxes reported for single detached homes in Barrie were below the average for municipalities with populations greater than 100,000 (Barrie detached bungalow \$3,573 vs. average \$3,860, and a 2 story home \$4,433 vs \$4,917).  
  
Taxes vary from municipality to municipality based on a number of factors. Lower than average taxation levels in a municipality could be due to municipal service levels that are also lower than average. As well, lower than average taxation levels could result from higher efficiency levels or higher reliance on user fees.
  16. The City will continue to focus on increasing its reliance on non-tax revenues in 2019 by applying the user-pay principles reflected in the Corporation's Financial Policies Framework. In 2019, any proposals for new user fees will be highlighted separately in the 2019 Business Plan Binder allowing Council the opportunity to review each new fee before it is incorporated into the City's Business Plan.
  17. The continued focus for 2019 will be the execution of Growth Management Plans and investment in renewing the City's current infrastructure.

### **ANALYSIS**

18. Council approval of the 2019 Business Plan and Budget is anticipated to be completed in late January or early February 2019. A high level timeline is provided in Appendix "A".

### **One Year Operating Budget and a Three Year Operating Forecast**

19. Staff will prepare a one year operating budget and a three year operating forecast for the 2019 business plan. This will provide management and Council a four year view of current and future financial conditions to guide decisions. The forecast information will help identify revenue and expenditure trends and highlight the timing of operating impacts of capital works.

### **2014 – 2018 Strategic Plan**

20. The strategic plan set out for the term of the 2014-2018 Council includes four key goals: Vibrant Business Environment; Responsible Spending; Inclusive Community; and, Well Planned Transportation. The 2019 Business Plan will seek to align with these strategic objectives and incorporate the necessary steps within the 2019 work plan to achieve the desired outcomes.
21. The municipal election will be held in October 2018 and a new Council inaugurated in December 2018. It is anticipated the new Council will develop their Strategic Plan in January 2019. Given the timing of the Strategic Planning process it will not be feasible to fully align the 2019 Business Plan with the new Council's Strategic Plan. As has been the practice in previous election years,

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the Strategic Plan in place at the time budget directions are approved will be the basis for the coming budget year. Staff are confident the guidance provided by the existing plan will produce a Business Plan that is broadly acceptable to the new Council.

#### Water and Wastewater Rate Supported Budgets

22. The 2015 Water and Wastewater Financial Plans suggest an annual rate increase of 2% for water and 3% for wastewater. Staff recommend 2019 rate increases that are at least sufficient to maintain current capital reserve contributions, after taking in to account operational needs.

#### Parking Rate Supported Budgets

23. As noted in the 2017 Budget and Business Plan Year End Report; while the Parking Services Branch realized improvements to operational revenue from sources such as waterfront lots, the service continues to generate an operating deficit. A parking utilization study and update to the parking strategy is planned to be undertaken in 2018 and presented ahead of the 2020 Business Plan to ensure a clear path is set in both the short and long term to support the City's primary objectives. For the interim period, staff will continue to seek ways to mitigate the draw on the Parking Reserve.

#### 2019 Budget Pressures and Opportunities

24. At this early stage of the budget process there is a significant amount of uncertainty around budget pressures and opportunities that will ultimately impact the tax rate. Staff examined historical tax rate increases for the last several years, noting an average increase of approximately 3%. This may serve as an indicator for 2019, and would be communicated as 2% to support maintaining current services at current service levels, plus approximately 1% for the Dedicated Infrastructure Renewal Fund.
25. However, given significant pressures facing the City for 2019 such as Bill 148, contractual obligations, and increasing costs for commodities such as fuel, it will be very challenging to achieve a tax rate increase approaching the recent historical average. Appendix "B" expands on known budget pressures and opportunities likely to be significant factors in the 2019 Business Plan. As noted, it is too early to provide reliable estimates. Therefore, dollar values have not been provided in most instances.

#### Review of User Fees

26. The Financial Policies Framework directs the Corporation to strive to recover the full cost of services including: direct materials; staff time; corporate support overhead; capital costs and amortization; and, any other applicable costs. However, full cost recovery is also subject to appropriateness based on several other conditions such as:
- a) Extent of private, commercial and community benefit (note: community benefit includes environmental considerations);
  - b) Use of service by non-residents;
  - c) Rates for commercially available services; and,
  - d) Impact of changing user fees on demand levels/utilization rates.

Changes in fees influence the level of taxpayer subsidy that is provided for fee-based programs. Increasing the Corporation's reliance on fee revenues to support programs and services, has been a direction consistently followed during each of the last several business planning cycles.

#### Managing Reserves and Reserve Funds

27. The 2019 Business Plan will continue to emphasize the importance of managing the City's financial condition. The City's financial condition will be measured based on guidance from the Public Sector Accounting Board (PSAB), Canada's standard-setter for public sector financial reporting and methodology for assessing a government's financial condition. The key elements of financial condition (i.e. sustainability, flexibility, and vulnerability) can be described using a series of indicators.
28. Reserves and reserve funds help a municipality accomplish two goals – achieve tax and user rate stability, and contribute to the consistent provision of services. Typically, reserves are a way of financing large capital expenditures and determining affordability thresholds for the ten year capital plan. They also provide a source for funding unplanned events or emergencies, or are used to take advantage of opportunities that were not anticipated when the budget was prepared.

#### 10 Year Capital Plan

29. The current Capital Budget adopted by City Council on January 29, 2018 consists of a detailed Capital Budget for 2018, and includes future years' costs for multi-year projects that are commencing in 2018 or prior. The Capital Budget also forecasts projects for the 2019 - 2022 timeframe (capital forecast), and the capital funding requirements (capital outlook) for 2023-2027.
30. The Infrastructure Implementation Plan (IIP) identifies asset expansion work and timing required to meet the City's growth plans as related to the secondary plan areas. The IIP is based on needs identified through master planning exercises, which also identify asset capacity needs within the former City boundary. These master plans formed the basis for the consideration of growth projects throughout the development of recent Capital Budgets, and will continue to be a key input to the 2019 Capital Budget. The master plans are currently being updated, and the updated versions will be available for preparation of the 2020 Capital Budget.
31. The City's approach to asset management planning has formed the development of the 2018 Capital Budget and will form the foundation for the consideration of asset renewal and replacement projects throughout the development of the 2019 Capital Budget. As in previous years, this approach will consider the condition and remaining useful life of the Corporation's assets, as well as their criticality in service delivery. It will reflect a decision making framework that considers a comprehensive risk assessment process and lifecycle cost analysis.
32. Given the extensive efforts over the last several years to develop a 10 year capital plan, the focus for the 2019 Capital Budget will be to refine the existing 10 year plan, and maintain consistency to the greatest extent possible.
33. The inclusion of any new proposed works in the 2019 Capital Budget will reflect any constraints associated with the level of financial and staffing commitment required to address the magnitude of work being carried forward from prior periods.
34. The Corporation's requirement to invest in assets exceeds the City's affordability thresholds. In alignment with the City's Corporate Asset Management Strategy, the Capital Prioritization Committee (comprised of senior and executive staff), will be applying a prioritization process that influences judgements about which capital projects should be recommended.

- 35. Continued effort will be directed towards capturing the operating and maintenance savings/or expenditures associated with capital investments in a manner that allows those savings and/or expenditures to be captured in the operating budget for 2019 and beyond.
- 36. The City's Capital Project Control Policy allows for multi-year approvals for project phases that will span multiple years. As such, through previous capital plans, funding has been committed for 2019 and future years. With the approval of the 2018 Capital Plan, approximately \$99M (gross) was committed for 2019.

Capital Funding

- 37. In accordance with Council's direction to reduce debt levels, staff have identified an approach to funding capital projects which would first look to external funding opportunities, such as grants or development related funding, and then our own reserves. The City's cash flow requirements, interest rate projections, who is benefiting from the project, and potential debt repayment strategies, are included in the analysis. For example, repayment using Development Charges (DC's) would be considered. This approach is intended to ensure that all external sources of funding for projects are fully leveraged, and that when debt financing is recommended, it is based on a solid rationale that will be communicated to Council.

Service Partner Budgets

- 38. The City's Service Partner budgets made up approximately 31% (approximately \$82M) of the total 2018 amount levied on City of Barrie taxpayers. The following are the services provided to the City of Barrie property owners by these boards, commissions and agencies:

<b>Service Type</b>	<b>Service Provider</b>
<b>Policing</b>	Barrie Police Services Board
<b>Library</b>	Barrie Public Library Board
<b>Social Services</b>	County of Simcoe (Ontario Works, Social Housing, Child Care, and Long-Term Care)
<b>Land Ambulance</b>	County of Simcoe
<b>Museum &amp; Archives</b>	County of Simcoe
<b>Airport</b>	Lake Simcoe Airport Commission
<b>Tourism</b>	Tourism Barrie
<b>Environment</b>	Lake Simcoe Regional Conservation Authority and Nottawasaga Valley Conservation Authority
<b>Health</b>	Simcoe Muskoka District Health Unit, Royal Victoria Hospital, and Physician Recruitment

- 39. These organizations need to develop their 2019 operating budgets concurrently with the City. Subject to General Committee's feedback about the recommendations in this report, staff will contact each Service Partner to coordinate budget plans and timelines.



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40. The City provides annual financial support to various Service Partners. These costs are generally reflected in the operating budget, and are funded primarily from the tax base, although DC's and user rates are also impacted.
  41. Service Partner budgets include both operating and capital requirements. However, with the exception of the County of Simcoe, the capital requirements have remained relatively stable over time. The fluctuation in the County of Simcoe capital program is being managed through the County of Simcoe Capital Reserve, with an annual reserve contribution to minimize the year over year impact to the tax base.

#### Business Planning Process and Development Schedule

42. The Corporation's business planning approach integrates three phases: departmental work plan development; operating and capital budget development; and, Public engagement and reporting to Council.
43. Consistent with Council's Strategic Priority of Responsible Spending, and in an effort to improve the understanding of how tax dollars are spent, the following is a listing of public education/engagement activities planned for the 2019 Budget and Business Plan:
  - a) Continue to enhance "*Understand Where Your Tax Dollars Go*" public education campaign;
  - b) Dedicated web page on Barrie.ca for budget information including Budget Allocator;
  - c) Online surveys and public engagement via social media to seek input into the proposed service level changes;
  - d) Dedicated email address for public feedback;
  - e) Education and promotion of engagement opportunities via print, digital monitors, online and radio; and,
  - f) Post Budget – media release, full page information in the Barrie Advance and tax bill insert.

#### ENVIRONMENTAL MATTERS

44. There are no environmental matters related to the recommendations.



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## ALTERNATIVES

45. The following alternatives are available for consideration by General Committee:

### Alternative #1

General Committee could establish a lower maximum acceptable tax levy and/or user fee threshold.

If General Committee wishes to establish a lower maximum threshold, consideration should be given to the average tax rate increase over the last number of years, which has been approximately 3%. As noted in the report, there are a number of financial challenges outside the City's control, such as increasing inflation and legislated changes. Pressures such as these will make it difficult to achieve an increase lower than historical norms without eroding the City's ability to deliver services at the level to which residents are accustomed.

That being said, staff recognize that tax levy and/or user fee increases create the risk that taxation and fee levels could exceed residents' ability/willingness to pay.

With this in mind, the business planning and budget process is designed to promote a balance between affordability and service delivery. Elements of the process, such as the requirement for staff to present new investment and service recommendations (including all requests for additional staff complement) separately from the base budget, are included specifically to enhance transparency over changes to service levels which may impact the cost to residents.

If the City is to realize a lower than average tax rate increase for 2019, it will likely need to be achieved through reductions in specific services and/or service levels.

### Alternative #2

General Committee could change the proposed Business Plan development schedule.

This alternative is not recommended. The City of Barrie's Business Plan process is a comprehensive series of steps designed to identify planned workloads, service levels, and related financing plans for the entire organization. A significant level of coordination is required and the proposed schedule has been designed to reflect, in staff's judgement, the best approach for applying Council's directions and engaging the community in a dialogue about issues related to the 2019 Business Plan. The anticipated approval no later than February 2019, allows staff to adequately plan and execute all required tasks.

## FINANCIAL

46. There are no financial implications for the Corporation resulting from the proposed recommendations.

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**LINKAGE TO 2014-2018 STRATEGIC PLAN**

47. The recommendations included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:
- Vibrant Business Environment
  - Responsible Spending
  - Inclusive Community
  - Well Planned Transportation
48. The approved annual business plan and budget reflects the real-world efforts to implement Council's strategic goals. Directions provided in this staff report are an opportunity for Council to ensure the City's resources continue to be expended in a manner consistent with these goals.

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APPENDIX "A"

Proposed 2019 Business Plan Development Schedule

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Date	Activity
June 2018	Committee/Council approval of the 2019 Budget Directions
March – November 2018	Staff produce work plans; draft operating, capital, and rate budgets; prioritize capital projects; executive management review; public engagement; production of budget and business plan materials.
December 2018	2019 Business Plan presentation and binder distribution to Council
January/February 2019	Committee/Council review and approval

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APPENDIX "B"

Budget Pressures & Opportunities

Pressure/Opportunity	Description
Growth	<ul style="list-style-type: none"><li>• Significant challenge in managing the financial implications of maintaining service levels in a rapidly growing City.</li><li>• Increasing demand for services with a growing population base and more business and residential units.</li><li>• Expanded City resources in all areas of service delivery to meet this demand and future Councils should expect to see increased costs as a result.</li><li>• Property taxes and user rates will mitigate the increased cost over time; however communities often experience a lag between increased cost of service delivery driven by growth and the full realization of revenue streams such as property taxes.</li></ul>

<p>Labour</p>	<p><u>Collective Agreements</u></p> <ul style="list-style-type: none"> <li>• The City is party to various collective agreements negotiated with its unionized workforce and manages compensation for its non-unionized staff on an annual basis.</li> <li>• CUPE and BPPFA agreements expired December 31, 2017. An agreement expiring December 31, 2018 was reached with BPPFA while CUPE negotiations are ongoing at the time of this report. The outcome of these negotiations will impact the 2019 budget.</li> </ul> <p><u>Bill 148</u></p> <ul style="list-style-type: none"> <li>• Bill 148, Fair Workplaces, Better Jobs Act will continue to have a direct impact on the cost of City operations as provisions such as the requirement to pay part-time, casual, temporary, and seasonal workers the same rates as comparable full-time staff comes into full effect.</li> <li>• The minimum wage is scheduled to increase to \$15/hour from the current \$14/hour.</li> </ul> <p><u>Benefits</u></p> <ul style="list-style-type: none"> <li>• The cost of the City's extended health and dental benefits is expected to increase by approximately 2% for 2019, while Long Term Disability and Life Insurance premiums are expected to increase by approximately 25% and 1.5% respectively.</li> <li>• Increases are due to increases in usage, total number of covered employees, and the cost of items covered under the plan.</li> <li>• The updated rates will be confirmed in late October/early November.</li> </ul> <p><u>Presumptive Legislation</u></p> <ul style="list-style-type: none"> <li>• The Workplace Safety and Insurance Board (WSIB) reserve has not been funded in many years and currently sits at approximately \$1.6M at December 31, 2017. Staff will review the adequacy of the reserve and propose a funding plan if necessary.</li> <li>• The cancers that are covered under the presumptive legislation have expanded and will continue to expand over next year. The legislation is retroactive to 1960, which means a claim can be made by any retired City of Barrie firefighter or their family.</li> <li>• In addition, PTSD was added under this same legislation for emergency services workers.</li> <li>• Recommendations on the aforementioned will be part of the 2019 Business Plan.</li> </ul>
<p>Utilities</p>	<ul style="list-style-type: none"> <li>• Rates for electricity and natural gas are each anticipated to increase by 2.0% for 2019. The Energy Management Group will continue monitoring industry news to provide the best information available when building the 2019 Budget.</li> <li>• The Energy Management Group will bring forward recommendations for energy conservation and capital investment targeted at mitigating rate increases through reductions to current energy consumption.</li> <li>• The Energy Management Group will also seek to maximize the financial benefit of grants and subsidies that may become available.</li> </ul>



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Contractual Obligations	<u>Transit, Winter Control, Waste Collection and Security</u> <ul style="list-style-type: none"><li>• Various operating contracts have annual increases tied to indices such as the Consumer Price Index (e.g. Transit, Winter control, Waste collection).</li><li>• Vendors have been approaching the City with requests to renegotiate higher rates for existing contracts citing the impact of Bill 148.</li><li>• Fuel prices have already exceeded planned levels for 2018. If this trend is expected to continue into 2019 it will place upward pressure on the City's fuel budget.</li><li>• The winter operations budget is calculated based on a five year rolling average of actual costs. The 2017 winter control budget was overspent by approximately \$900K which will place upward pressure on the rolling average for 2019. Trending over the past five to ten years indicates that weather patterns are becoming more intense.</li></ul>
Landfill operations	<ul style="list-style-type: none"><li>• The 2018 budget included one-time funding of \$250K from the Landfill Development Reserve to be used to offset the costs of insourcing landfill management in 2018. The full burden of landfill insourcing will be realized for 2019.</li></ul>

Property taxes

Assessment Appeals

- Assessment at risk continues to be a major challenge for most municipalities, including the City of Barrie.
- Major retail properties across the Province are aggressively pursuing appeals.
- There are 270 properties under appeal in the City as of April 2018. Many of these appeals cover more than one year.
- Finance is implementing its assessment base management (ABM) program using a combination of internal resources and external consultants.
- This program will allow the City to respond more effectively to the increasing number and complexity of property assessment appeals in Barrie.

Assessment Maximization

- Staff continue to monitor pending as well as ongoing development activity.
- As raw unused or farm land moves to a completed development, there are stages that trigger an assessment or classification change.
- Staff work with the Municipal Property Assessment Corporation (MPAC) to capture these changes in a timely manner.
- The objective of these efforts is to maximize additional tax revenues each year.

Vacant Commercial and Industrial Discounts

- As permitted under Bill 70, the City's approved 2018 Business Plan and Budget eliminated the vacancy rebate program on commercial and industrial vacant properties (buildings) providing a savings of \$400K within the 2018 budget.
- Under Bill 70, municipalities can also make changes to the discount of 30%/35% on vacant and excess commercial/industrial lands, with options to reduce, phase out or eliminate the discount.
- Any changes to the discount percentage would not impact the budget directly, but would shift a portion of the municipal tax levy primarily from the residential class to the commercial and industrial classes.

Municipal Accommodation Tax

- The Province approved legislative changes to allow municipalities to implement a transient accommodation tax, should they choose to do so.
- Municipalities choosing to implement the tax have the flexibility to determine the design of the tax, including the rate(s), administration, collection, and the scope of its application.
- The regulations also set out rules for tax revenue sharing with eligible not-for-profit tourism organizations.
- Discussions are ongoing between staff and Tourism Barrie regarding the implementation of this tax effective January 1, 2019. A staff report on this matter is forthcoming in May.



County of Simcoe	<ul style="list-style-type: none"> <li>• A new tri-party agreement between the City of Barrie, City of Orillia, and County of Simcoe came into effect January 1, 2018.</li> <li>• The agreement sets out each party's share of operating and capital costs incurred by the County for provision of services with the County of Simcoe, determined using the City's proportionate share of weighted taxable assessment and case-load.</li> <li>• The City will be billed for its share of the significant capital assets (e.g. facilities) on the basis of straight line amortization over 10 years, which may impact the level of contributions to the City's County of Simcoe Capital Reserve which is used to fund these costs.</li> <li>• Services include Paramedics, Social Housing, Long Term Care, Ontario Works, Children and Community Services, and Museum and Archives.</li> <li>• 2018 was the final year for the Provincial uploading of Ontario Works service costs, therefore, any further increases in this service will be subject to cost sharing.</li> </ul>
Reserve Contributions	<p><u>W/Ww Capital Reserve</u></p> <ul style="list-style-type: none"> <li>• The 2019 Budget will include reserve contributions to be consistent with Council's direction in the most recent Water Operations Branch Drinking Water System Financial Plan.</li> </ul> <p><u>Community Benefit Reserve</u></p> <ul style="list-style-type: none"> <li>• Expected to once again receive 80% of any dividends received from Barrie Hydro Holdings.</li> </ul> <p><u>Tax Capital Reserve</u></p> <ul style="list-style-type: none"> <li>• Council approved a new Tax Capital Reserve contribution plan through the 2018 Budget and an update to the City's Financial Policies Framework.</li> <li>• The new plan builds on the Dedicated Infrastructure Renewal Funding (baseline 1% tax rate increase) by allowing for up to an additional 0.1% increase annually.</li> <li>• Up to 20% of the dividends received from Barrie Hydro Holdings can be directed to the Tax Capital Reserve.</li> </ul>
Debt Servicing	<ul style="list-style-type: none"> <li>• Anticipated short term financing in 2018 to meet the cash flow requirements of the Barrie-Simcoe Emergency Services Campus project. The interest costs associated with the short term borrowing will be charged to the project until the project is complete (estimated late 2019 or early 2020), at which time interest costs and principal repayment will transition to the City's Operating Budget.</li> <li>• Projected debentures in the amount of \$15.7M for June 2018, however, the amount, timing and terms for 2018 remain flexible. The 2018 Operating Budget includes a half-year of debt servicing costs in relation to these debentures and the 2019 budget would include the full year impact if the debentures were issued as planned.</li> </ul>



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Water Customer Services

- Development of residential meter testing and replacement program.
- Intention for 2019 implementation.
- Informational Meter Services account increase of approximately \$100,000.00 for the purchase of replacement meters.