

BUSINESS PLAN CAPITAL PLAN

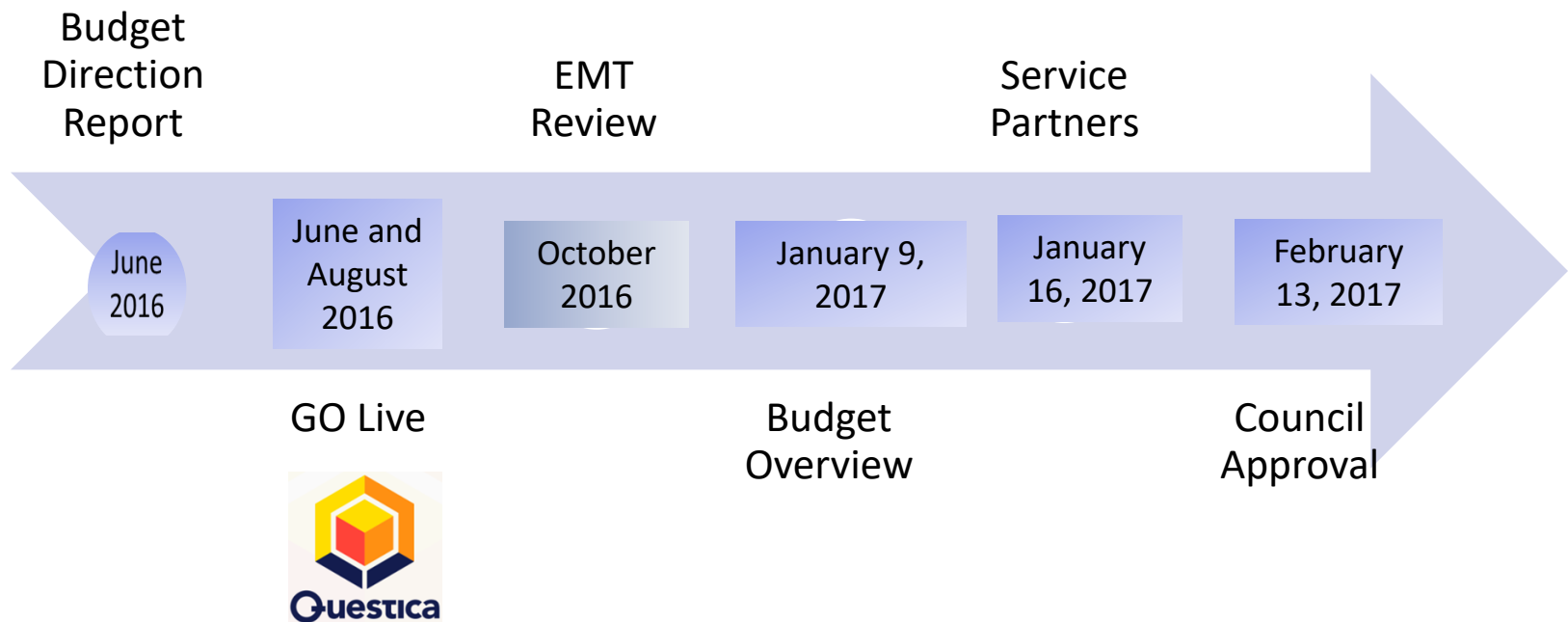
**Overview Presentation
January 9, 2017**



60+ SERVICES

2017

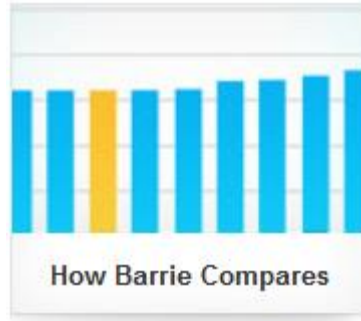
2017 Business Plan Process



Public Engagement



Budget 101



How Barrie Compares



Budget Allocator Tool



Where Your Money Goes

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*How would you
spend your
tax dollars?*



1/10/2020



60+ SERVICES



Economic Outlook

- GDP is projected to grow by 1.8% in 2017
- Consumer Price Index was 2.3% as of October 2016
- Non-residential Building Construction Price Index was 3.2% as of 3Q2016

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2017 Budget Directions

- Build 2017 Business Plan on cost of maintaining current service levels with any significant impacts (service level changes, complement levels) being presented to Council for consideration
- One year Operating Budget and **three year** Operating Forecast
- Development of 10 Year Capital Plan (1 Year Budget, 4 Year Forecast, 5 Year Outlook)
- **A cap on any potential 2017 tax increase to 2.25%, excluding the 1% levy associated with the Dedicated Infrastructure Renewal Fund**

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The City Business Plan & Budget



Tax Supported	User Rate	Capital
Numerous programs	Water Waste water Parking	Renewal Growth Capacity building Service Partners (Capital) Studies

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Building Blocks of the 2017 Budget

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Maintain Current Service Levels

Debt & Reserve Management

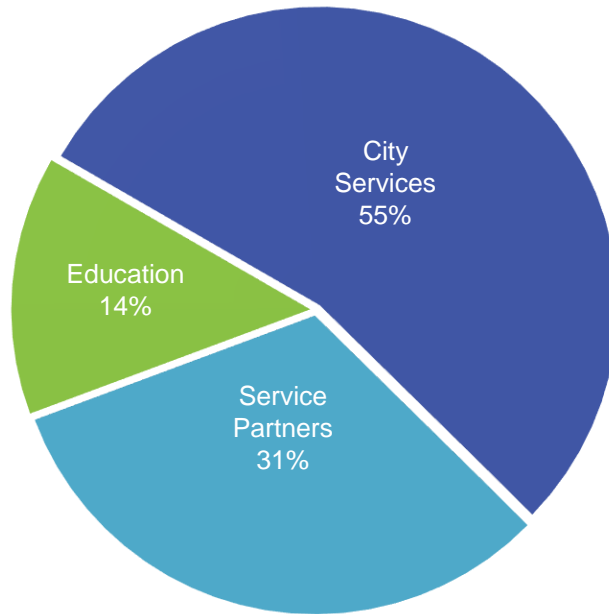
Service Partners

New Investment & Service

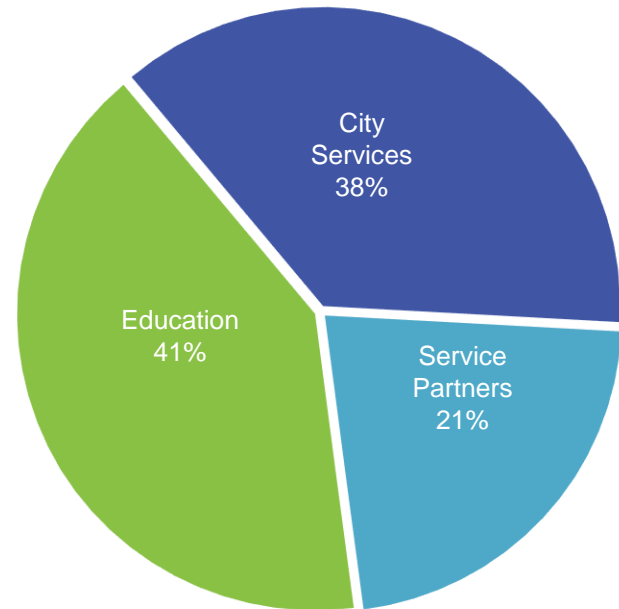
1% Infrastructure Renewal Fund

A Single Tax Bill

**Residential Property
Tax Bill**



Commercial Property Tax Bill



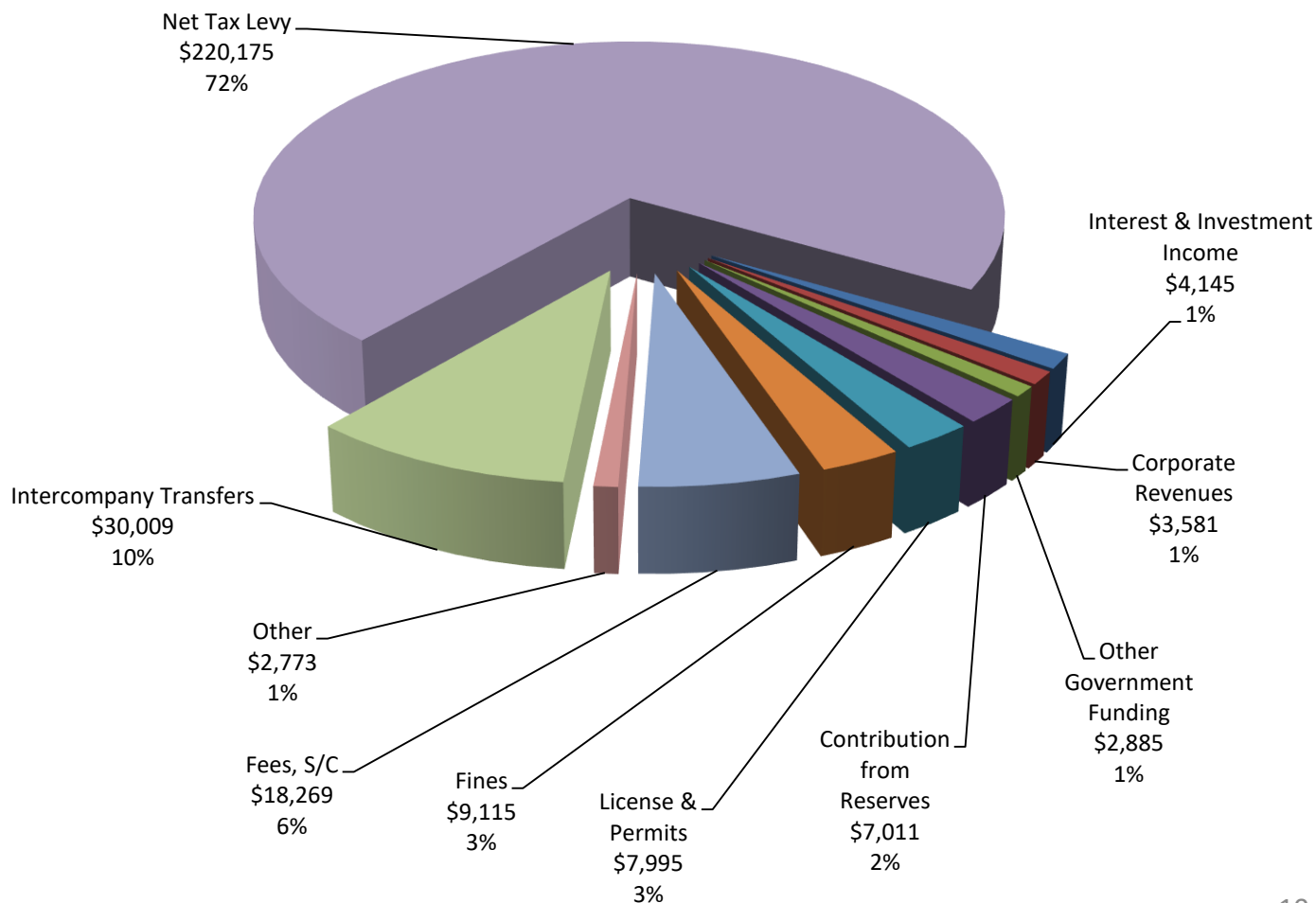
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2017 Sources of Operating Revenue

2017 Sources of Operating Revenue - \$305.9M
(\$000s)



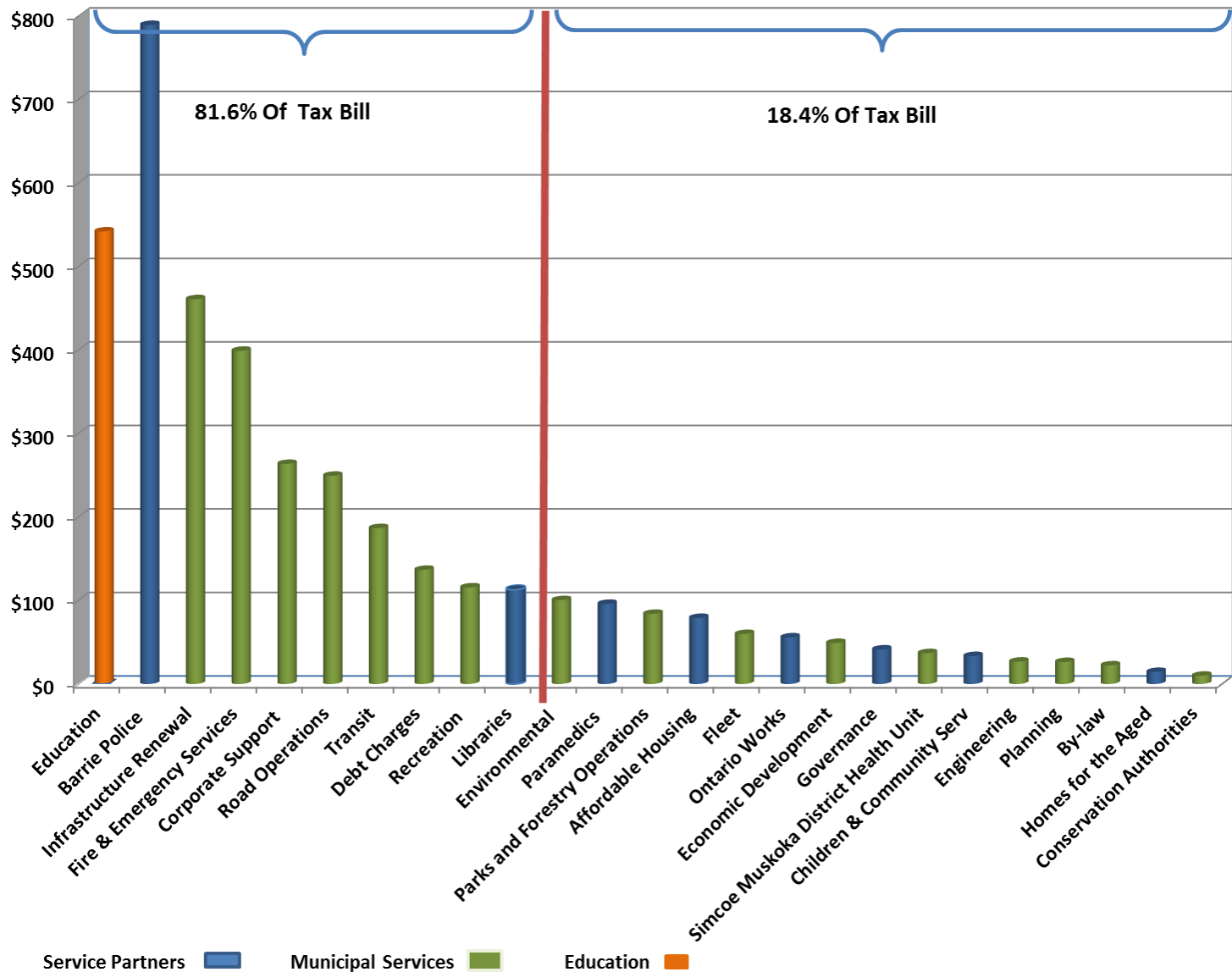
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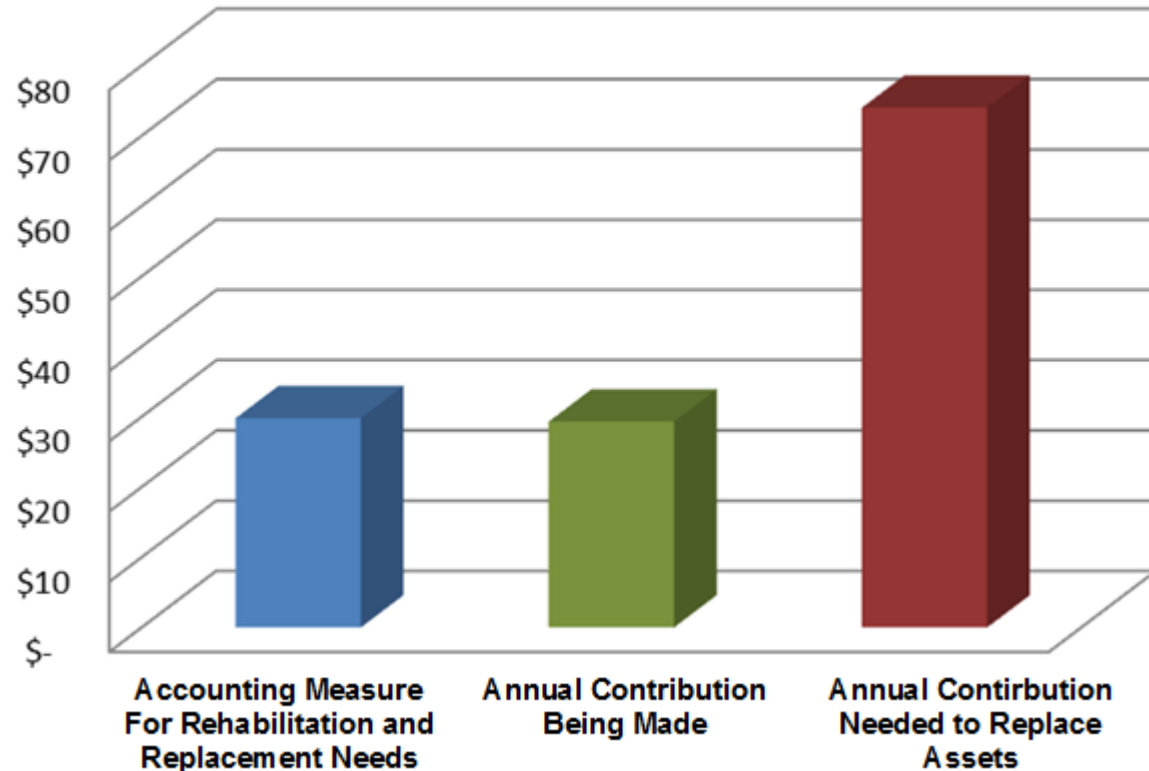


Where Your Property Taxes Go



Annual Infrastructure Gap

Tax Supported Annual Infrastructure Gap
(\$ Millions)



To address \$45 million gap Council approved a 1% Dedicated Infrastructure Renewal Fund that's used only for the replacement and rehabilitation of Barrie's roads, bridges, buildings, and other infrastructure.

Summary of Tax Budget Changes

	2017 Budget	Tax Rate Impact
Prior Year - Net Operating Expenditures funded by property taxes	\$208,262,826	
Maintain current programs at current service levels:		
Economic Adjustments - Labour	\$ 4,282,000	1.71%
Economic Adjustments - Contracts	\$ 1,864,000	0.75%
Approved Investment & Service Recommendations	\$ 429,000	0.17%
Efficiencies & Cost Savings	\$ (1,146,000)	-0.46%
Revenue Changes	\$ (674,000)	-0.27%
Interfund Charges	\$ (65,000)	-0.03%
Utilities	\$ 256,000	0.10%
Other	\$ (37,600)	-0.02%
Subtotal - Maintaining current programs at current service levels	\$ 4,908,400	1.96%
Debt & Reserve Management:		
Debt Management	\$ 1,402,000	0.56%
Reserves - Tax Capital Reserve (Amortization Method)	\$ 1,000,000	0.40%
Reserves - Other	\$ 513,000	0.21%
Subtotal - Debt & Reserve Management	\$ 2,915,000	1.17%
1% Dedicated Infrastructure Renewal Fund	\$ 2,500,000	1.00%
Subtotal	\$ 10,323,400	4.13%
Service Partner Budget Requests	\$ 1,115,000	0.45%
Subtotal	\$ 11,438,400	4.58%
Realized Assessment Growth Benefit		-1.00%
Subtotal	\$ 11,438,400	3.58%
Investment & Service Recommendations:		
Technology Infrastructure and Business Systems	\$ 117,399	0.05%
Customer Service	\$ 45,000	0.02%
Financial Management	\$ 89,332	0.04%
Environmental Protection	\$ 28,750	0.01%
Economic Investment	\$ -	0.00%
Workforce	\$ 96,185	0.04%
Infrastructure	\$ -	0.00%
Public Safety and Asset Security	\$ -	0.00%
Growth Management	\$ 96,715	0.04%
Subtotal - Investment & Service Recommendations	\$ 473,381	0.19%
Current Year Net Expenditures funded by property taxes	\$220,174,607	3.76%

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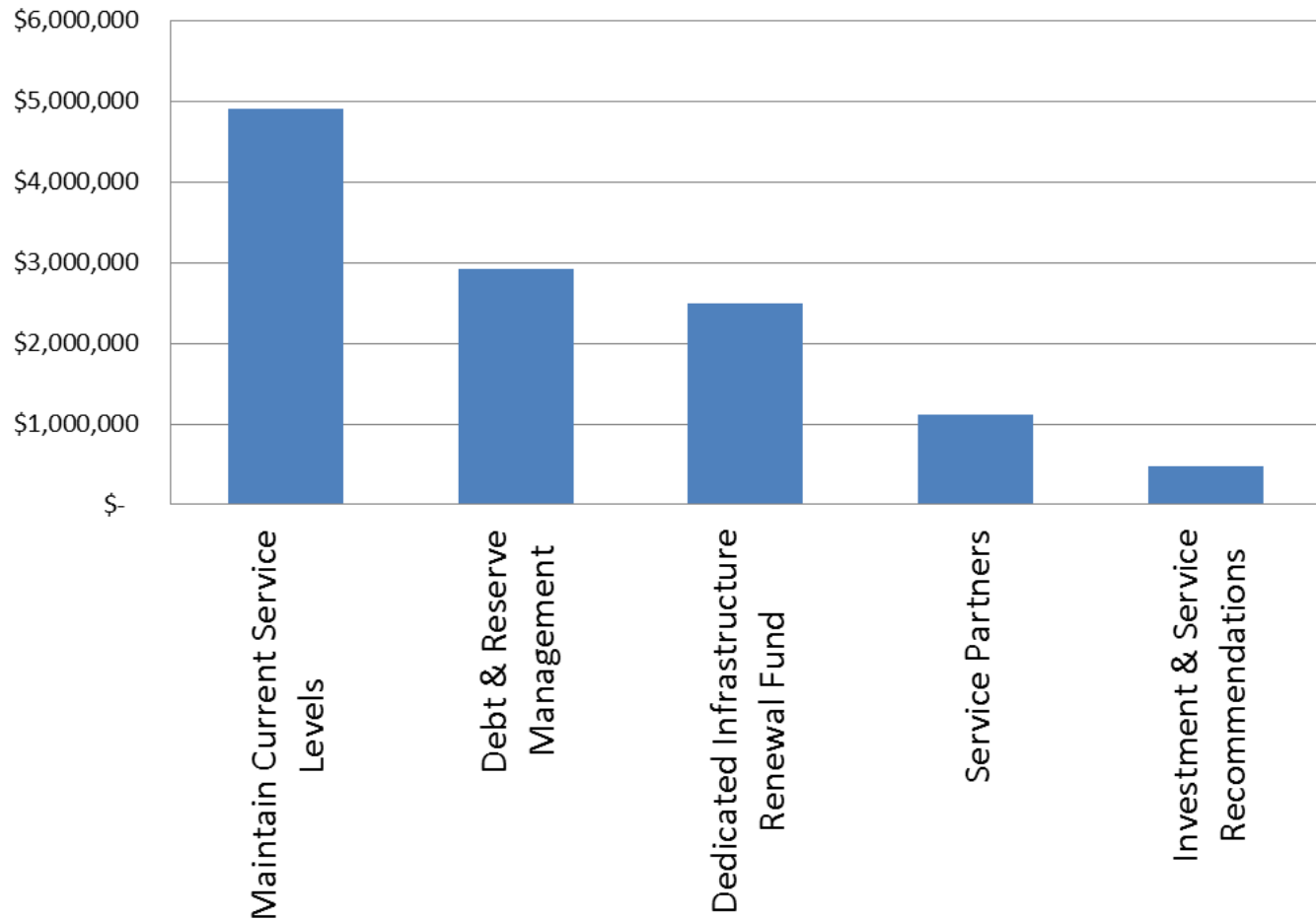
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Tax Budget Changes

**Breakdown of \$11.9M Year-over-year increase in
Tax Levy**



Costs to Maintain Current Service Levels

	2017 Budget	Tax Rate Impact
Maintain current programs at current service levels:		
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- Labour reflects collective agreements
- Contracts reflect indexing provisions (e.g. Transit) and increased volumes (e.g. Waste collection)
- Efficiencies and cost savings reflect reduced commodity pricing (e.g. Fuel and salt)

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Debt & Reserve Management

	2017 Budget	Tax Rate Impact
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1% Dedicated Infrastructure Renewal Fund	\$ 2,500,000	1.00%

- Annualization of 2016 debentures and new debt servicing costs for planned 2017 debenture,
- Tax Capital Reserve contributions for Dedicated Infrastructure Renewal Fund and Amortization Method,
- Other Reserves such as County of Simcoe Capital Reserve and proposed Legal Contingency Reserve.

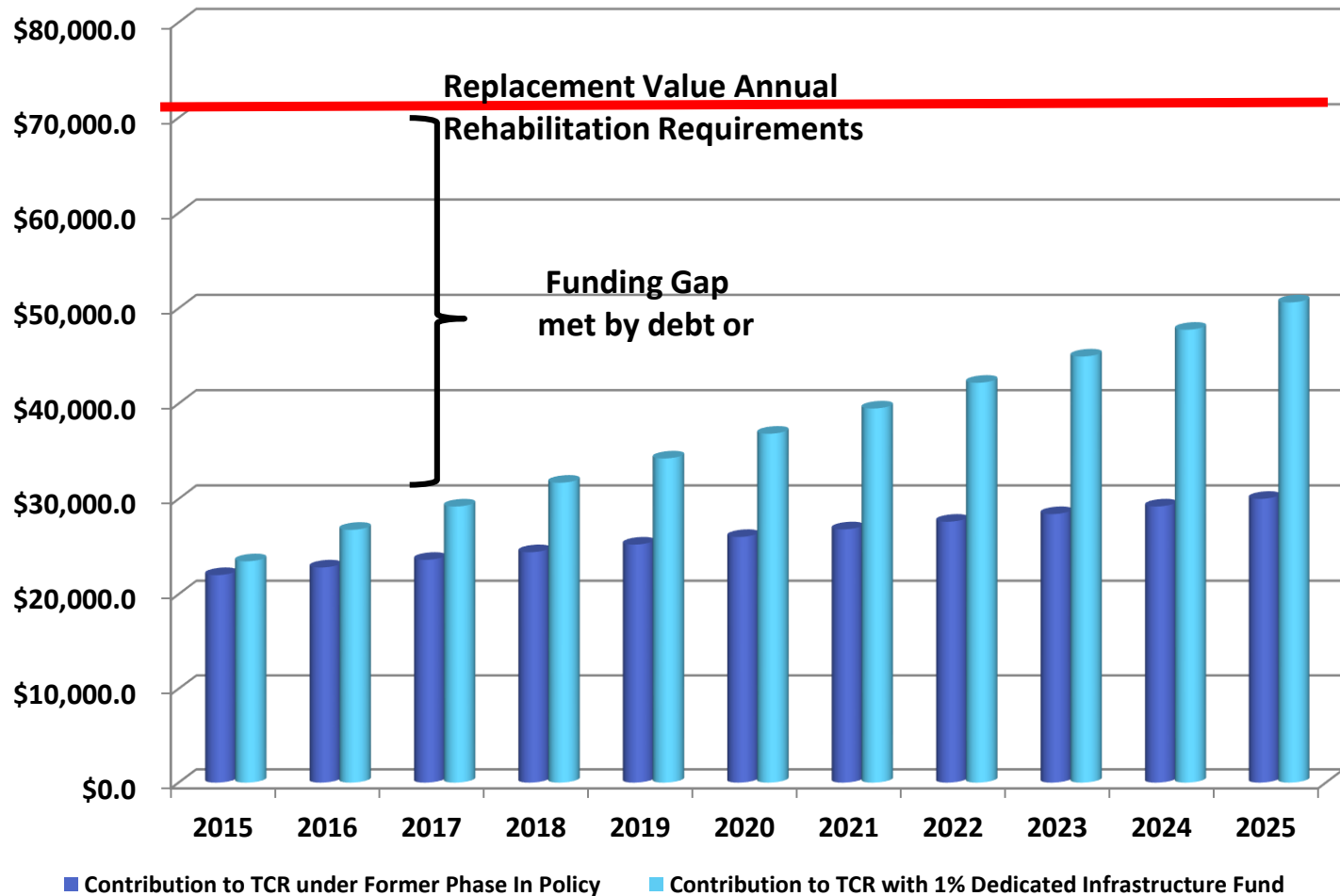
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Dedicated Infrastructure Renewal Fund

Dedicated Infrastructure Fund Significantly Increases Transfers to Tax Capital Reserve over 10 Years



Amortization

- In 2015 New/Upgraded Infrastructure Assets of \$93 million were brought on stream

	\$ Millions
Amortization Expense on New Assets	\$4.3
Less: Amortization Expense on Disposed Assets	\$0.6
Less: Amortization on Debt Financed New Assets	\$1.1
Required Increase in Amortization for Future Replacement of new Assets	\$2.6
Budget Provision	\$1.0
INCREASE IN INFRASTRUCTURE GAP*	\$1.6

* In addition to \$800,000 not budgeted in 2016 for new amortization expense

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Service Partners

Category	Service Partner	Gross Funding Request/Levy	YoY change in tax funded request/levy
Local Boards	Police	\$ 50,375,113	\$ 1,560,862
	Library	\$ 7,460,748	\$ 103,429
Conservation Authorities	Lake Simcoe Region Conservation Authority	\$ 1,284,624	\$ (12,985)
	Nottawasaga Valley Conservation Authority	\$ 358,912	\$ 23,078
County of Simcoe	Long Term Care	\$ 919,000	\$ 78,754
	Ontario Works	\$ 3,560,000	\$ (1,295,248)
	Paramedic Services	\$ 6,123,000	\$ 162,721
	Social Housing	\$ 5,508,255	\$ 120,123
	Children & Community Services	\$ 2,134,000	\$ 34,168
	Museum & Archives	\$ 106,000	\$ -
	CoS Capital Reserve	\$ 1,400,000	\$ 300,000
Health Units	Simcoe Muskoka District Health Unit	\$ 1,734,542	\$ 33,299
Other	Physician Recruitment	\$ 60,000	\$ -
	Tourism Barrie	\$ 213,520	\$ -
	Lake Simcoe Regional Airport	\$ 425,732	\$ 7,121
Grand Total		\$ 81,663,446	\$ 1,115,322

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New Investment & Service Recommendations

- Infrastructure
- Financial Management
- Environmental Protection
- Growth Management
- Customer Service
- Workforce
- Technology Infrastructure & Business Systems

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= 0.19 % of proposed increase



New Investments & Service Recommendations

Themes	Description	Form #	FTE Impact	2017 Budget	
				Operating	Capital
Infrastructure	Maintenance Operator II	43	1	\$0	\$650
Infrastructure Total			1	\$0	\$650
Financial Management	Transit Revenue Clerk Conversion	36	1	(\$4,956)	
	Internal Auditor	110	1	\$94,288	\$5,420
Financial Management Total			2	\$89,332	\$5,420
Environmental Protection	Permanent Part Time Field Technician	32	0.7	\$37,634	
	Sustainable Waste Mgmt Strategy Waste Drywall Recycling Program	41		\$28,750	
Environmental Protection Total			0.7	\$66,384	\$0
Growth Management	Growth Management Implementation - Development Services Field Supervisor	87	1	\$95,185	
	Right Size Facilities	85	5	\$126,015	\$52,340
Growth Management Total			6	\$221,200	\$52,340
Customer Service	AODA Compliance - Specialized Transit Service Hour Parity	90		\$45,000	
Customer Service Total				\$45,000	\$0
Workforce	Strategic Workforce Planning	59	1	\$109,301	
Workforce Total			1	\$109,301	\$0
Technology Infrastructure and Business Systems	SAP Support Staff	46	2	\$213,453	
Technology Infrastructure and Business Systems Total			2	\$213,453	\$0
Public Safety and Asset Security	Communications Operator - Full Time	20	1	\$63,660	
Public Safety and Asset Security Total			1	\$63,660	\$0
Grand Total			13.7	\$808,330	\$58,410

New Investments & Service recommendation are funded from tax rate \$537,041, water rate \$70,252 , wastewater rate \$65,880, parking rate \$10,673, and recoveries from capital \$124,485.

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Total Recommended Tax Budget

Category	Tax Rate Impact
Maintain Current Service Levels	1.96%
Debt & Reserve Management	1.16%
Service Partners	0.45%
Investment & Service Recommendations	0.19%
Realized Assessment Growth	-1.00%
Total	2.76%



Dedicated Infrastructure Renewal Fund	1%
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Rate Budgets

Water & Wastewater

- Business Plan Recommends:
 - 2017 Water rate 2.5% increase
 - 2017 Wastewater rate 5% increase

Parking

- Continued reliance on Parking Reserve, although at reduced rate.

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2017 Capital Budget Directions

That staff prepare the 2017 Capital Budget with appropriate consideration of:

- Council's strategic goals;
- A risk based approach to project selection driven considering the City's most critical needs;
- Master plans and infrastructure implementation plans, considering full lifecycle costs; and
- Resource availability.

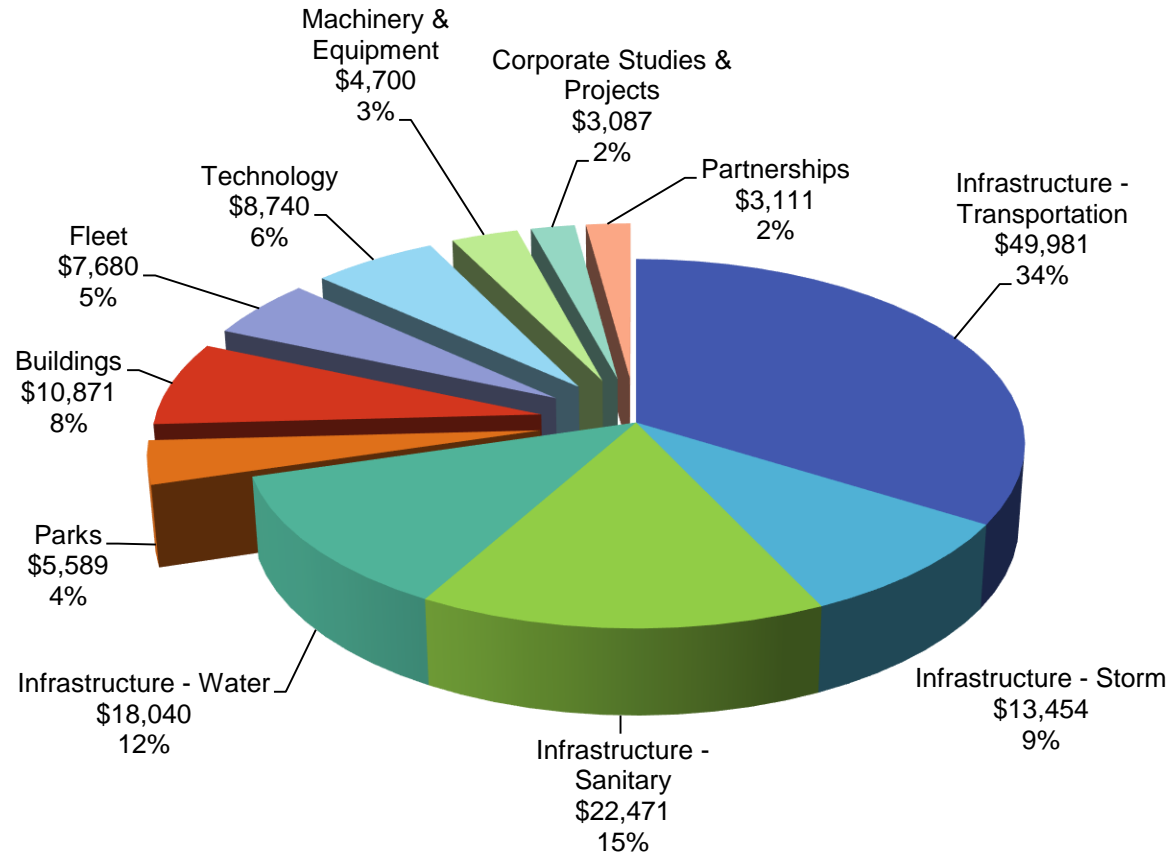
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2017 Capital Budget

**2017 Capital Budget - Total Budget Request by
Asset Class & Investment Area
(\$000)**



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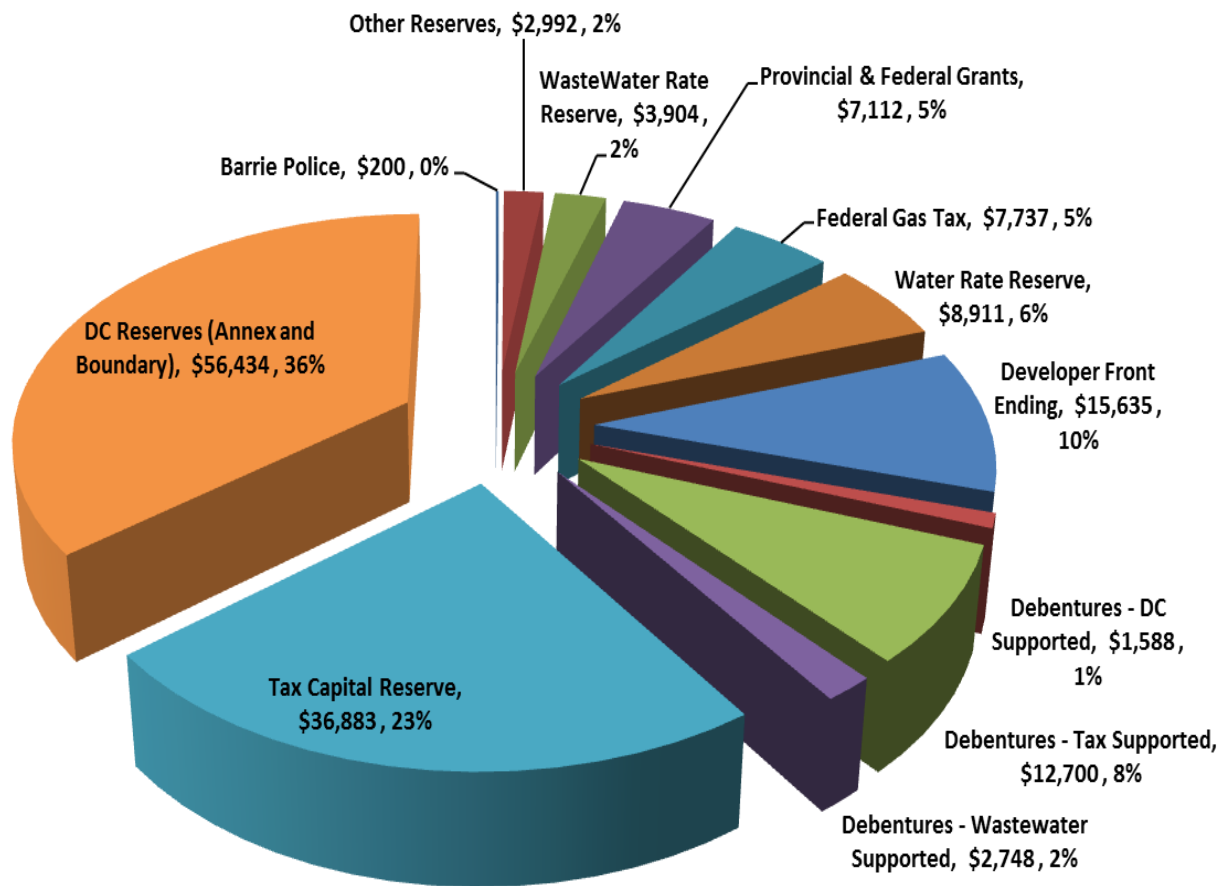
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2017 Capital Budget

2017 Requested Budget By Funding Source
(Total \$156.8 Million) (\$000)



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Impacts of the 2017 Capital Plan

- Annexed lands infrastructure projects
 - Construction starts on key water main and sewer projects
- Highway 400 projects
 - Harvie Road crossing design advances
 - McKay Road interchange design starts
- Centennial and Military Heritage Park completion

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Impacts of the 2017 Capital Plan

- Neighbourhood renewal
 - Pre-design for 4 of the City's oldest neighbourhoods
- Major Roads
 - Morrow Road and Maplevue Drive East construction completion
- Major Facilities
 - City Hall parking garage rehabilitation
 - Main Library HVAC
 - First Responders Campus using alternate delivery model

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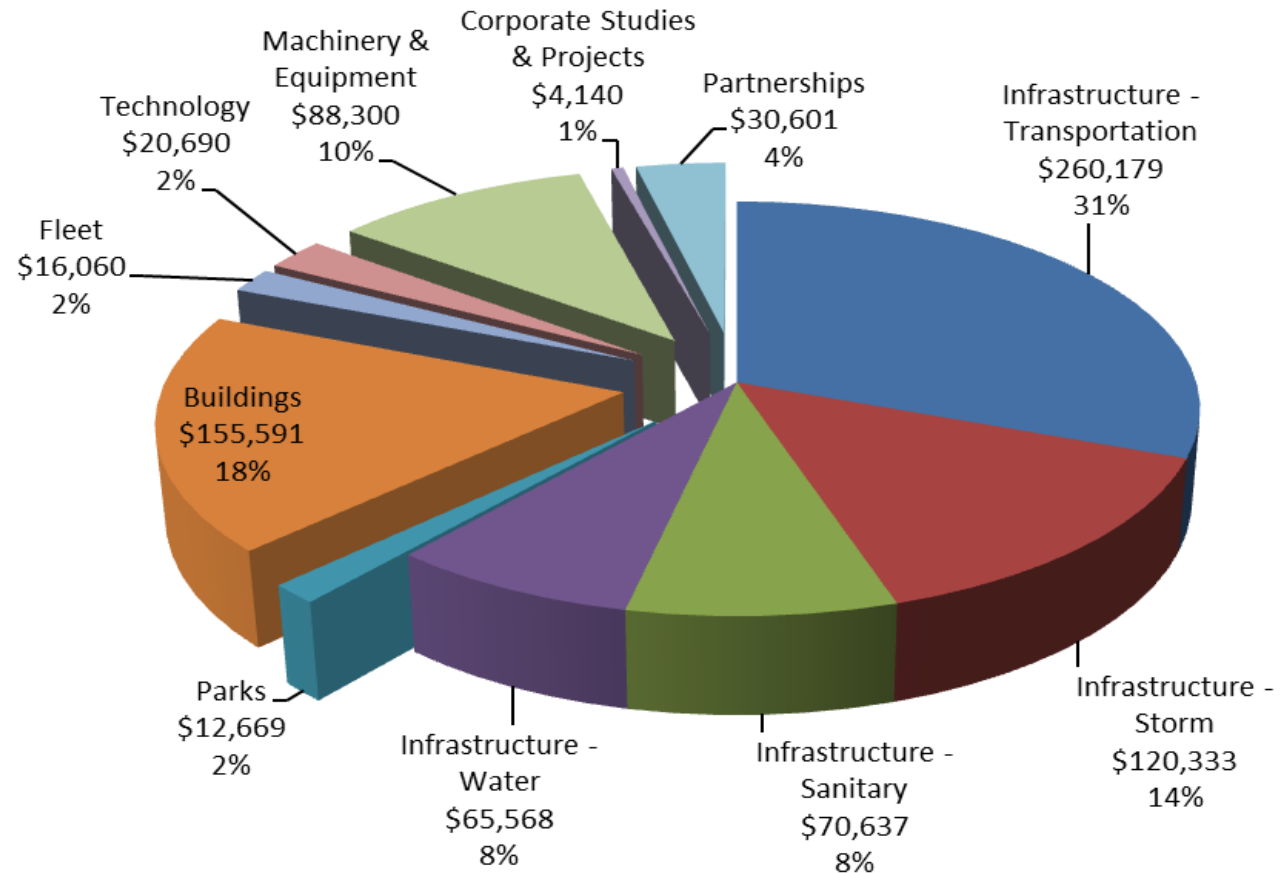
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2017 - 2021 Capital Budget

**2017-2021 Capital Plan by
Asset Class & Investment Area
(Total \$844.8 Million) (\$000)**



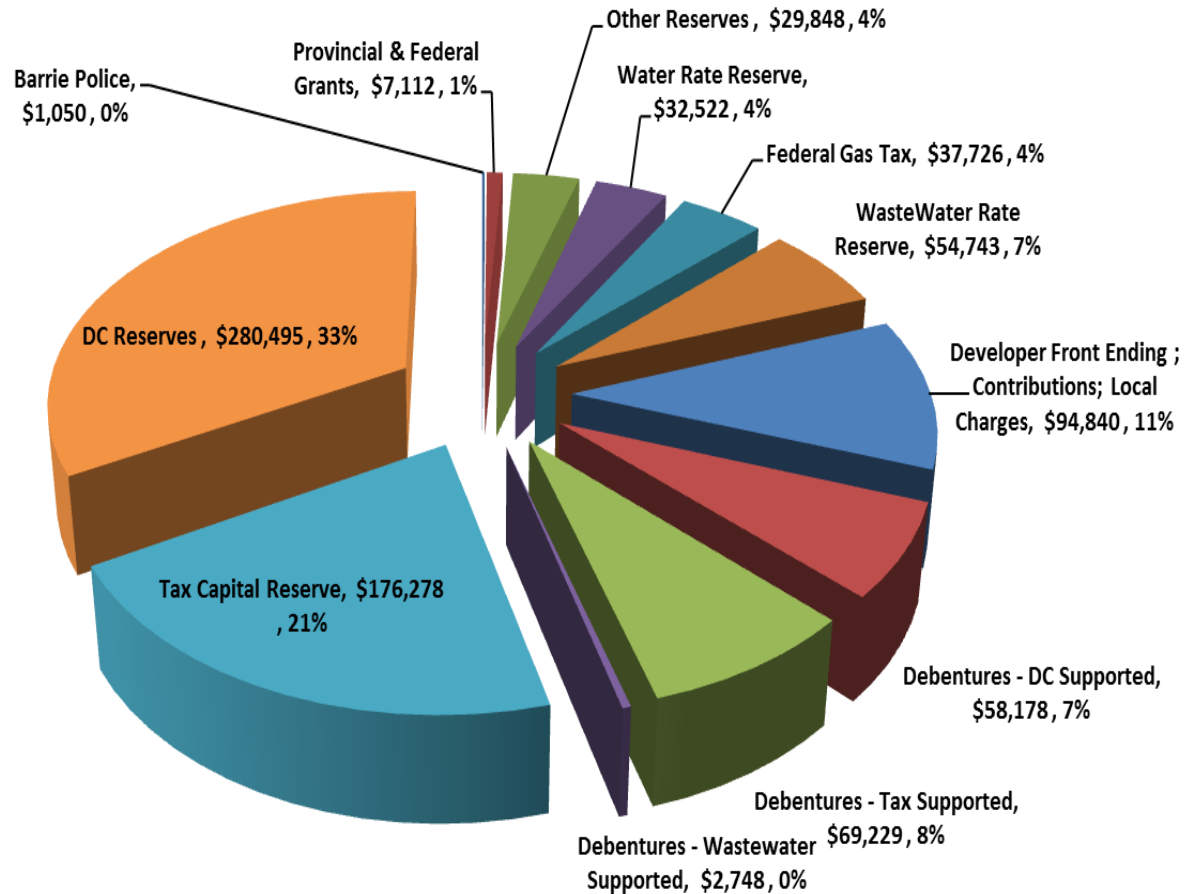
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2017 - 2021 Capital Budget

2017-2021 Requested and Forecasted Capital Budget by Funding Source
(Total \$844.8 Million) (\$000)



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Development Charge Reserve Forecast

	2017	2018	2019	2020	2021
<u>Development Charge Reserve Funds</u>					
Beginning Balance	\$ (1,720,554)	\$19,878,784	\$ 8,873,942	\$32,310,014	\$ 6,830,620
Draws from Reserves	47,849,930	61,368,462	49,530,896	58,447,665	77,316,077
Annual Debt Payments (existing)	17,957,988	18,300,919	18,364,174	17,400,432	17,400,432
Annual Debt Payments (New)	0	597,435	2,212,179	4,155,367	5,185,576
Contributions to Reserves	95,723,023	92,094,505	96,465,281	96,973,310	118,753,426
Less: Credits earned for Developer					
Build Projects	8,315,766	22,832,530	2,921,960	42,449,240	16,282,435
Ending Balance	\$19,878,784	\$8,873,942	\$32,310,014	\$6,830,620	\$9,399,527

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Forecast Facts:

- 5 year average annual total draws from DC reserves \$98 million
- 5 year average annual DC revenues \$100 million
- 5 year average ending DC reserve balance \$15.4 million
- 5 year forecasted new DC debt of \$58 million



Tax Capital Reserve Forecast

	2017	2018	2019	2020	2021
<u>Tax Capital Reserve</u>					
Beginning Balance	\$23,821,870	\$6,250,613	\$15,028,217	\$10,112,663	\$5,718,041
Draws - previous Commitments	18,817,688				
Draws from Reserves - Capital	28,553,569	22,522,395	38,715,554	40,694,622	43,664,716
Contributions to Reserves	29,800,000	31,300,000	33,800,000	36,300,000	41,700,000
Ending Balance	\$6,250,613	\$15,028,217	\$10,112,663	\$5,718,041	\$3,753,325

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Forecast Facts:

- 5 year average annual total draws \$39 million
- 5 year average annual Contributions \$34 million
- 5 year average ending reserve balance \$7 million
- 5 year forecasted new Tax supported debt of \$60 million



Forecast of Annual Debt requirements

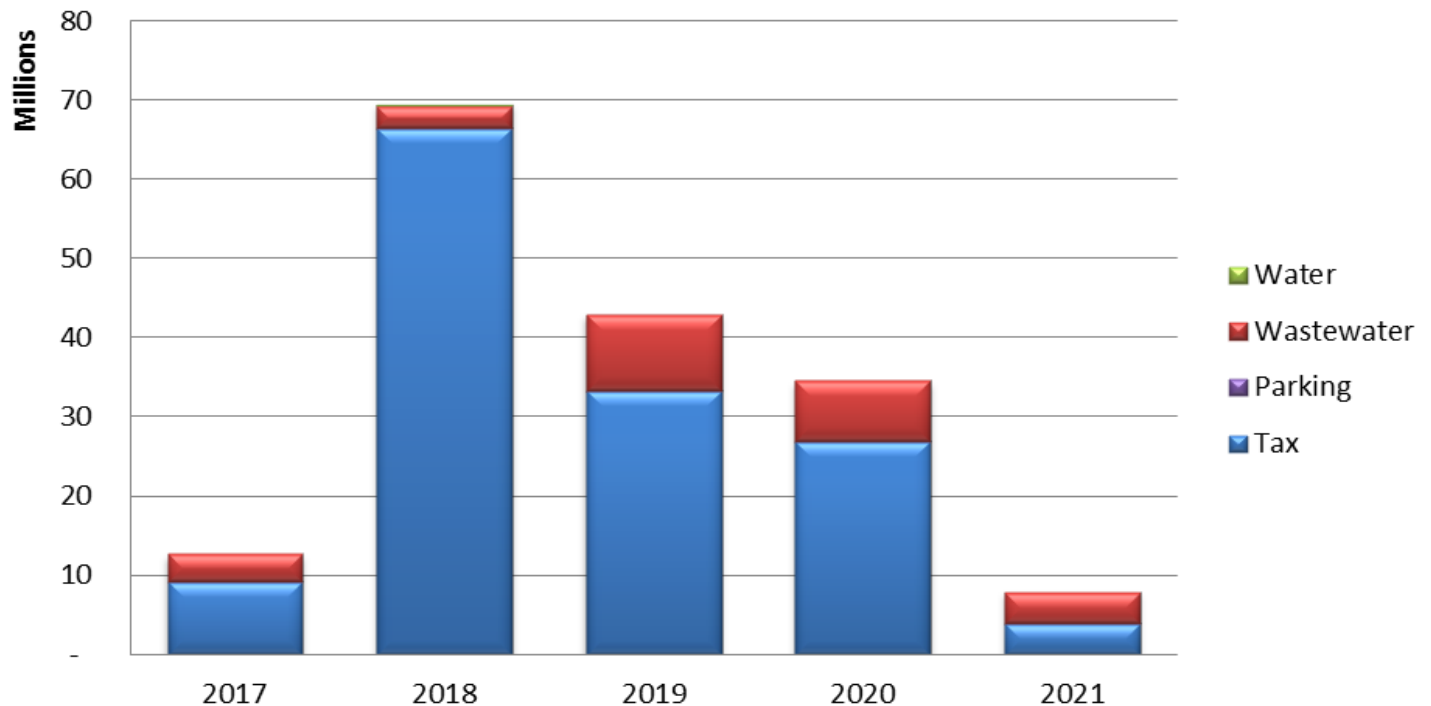
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Forecast of Annual Debt Issuance Requirements by Rate



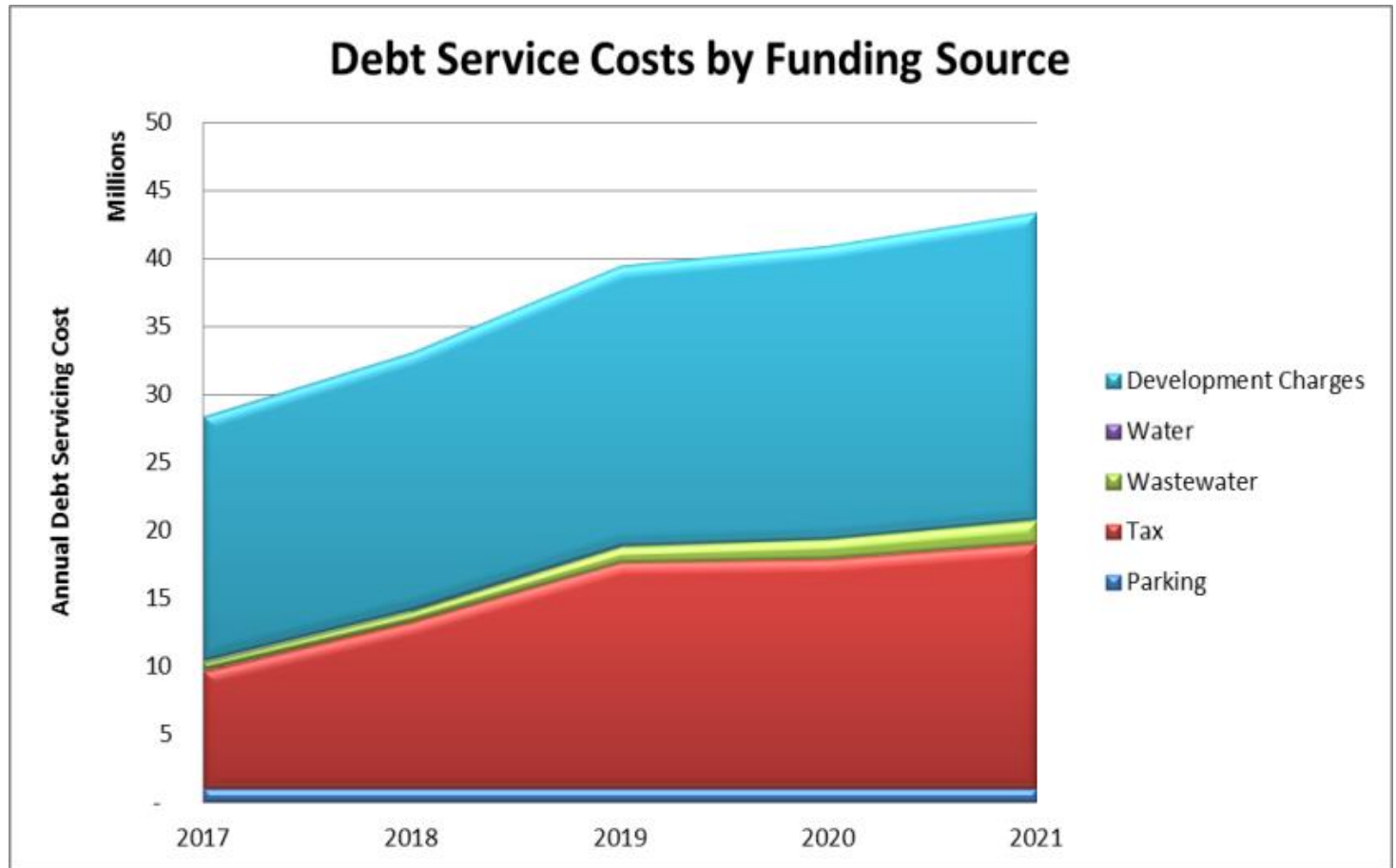
Debt Service Costs by Funding Source

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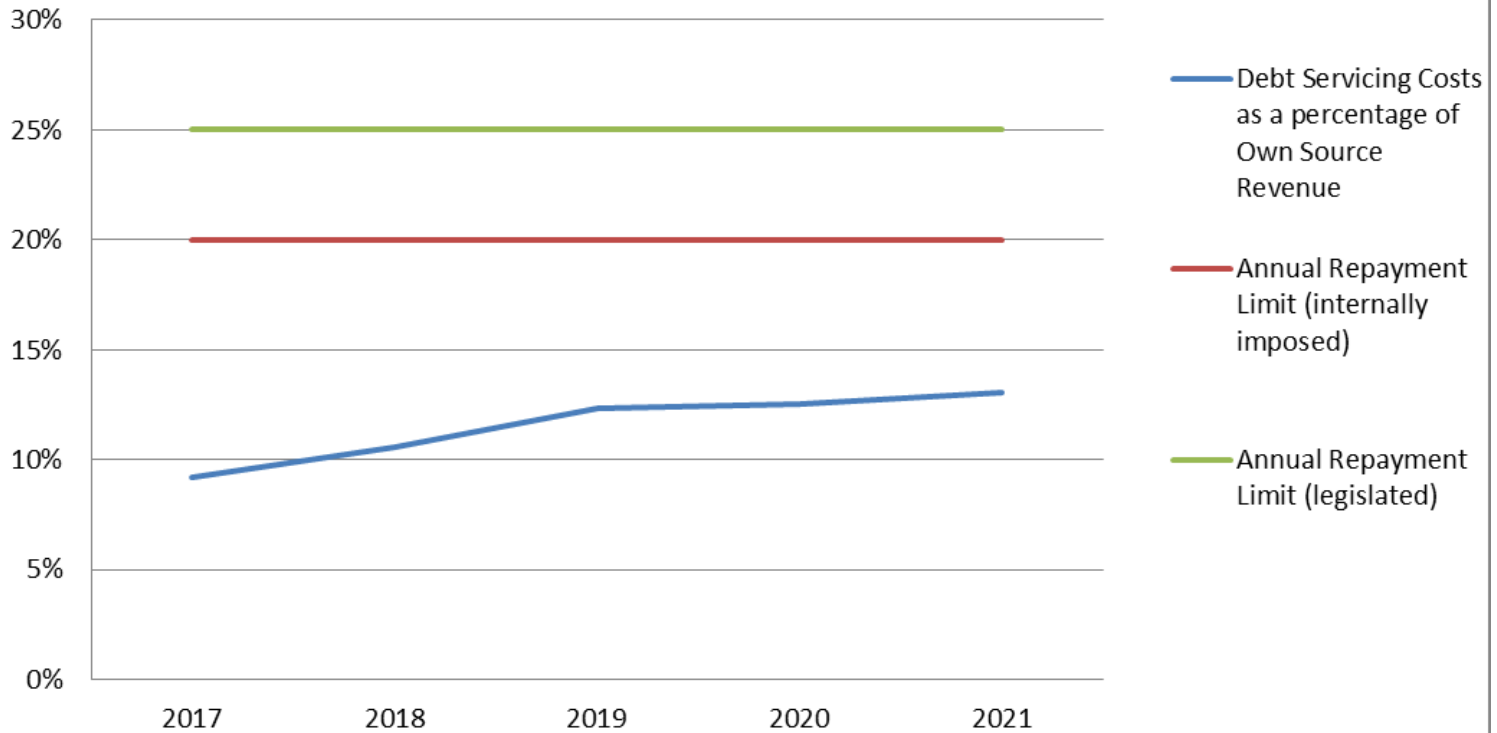


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Annual Debt Servicing Costs to ARL

Annual Debt Servicing costs relative to Annual Repayment Limit



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Total Impact on Average Home

Total Impact to Average Home \$ **175**

Tax Levy	% Change	\$ Change
Maintain Existing Service Levels	1.96%	\$ 75
Debt & Reserve Management	1.16%	\$ 45
Dedicated Infrastructure Renewal Fund	1.00%	\$ 38
Service Partners	0.45%	\$ 17
Realized Assessment Growth	-1.00%	\$ (38)
Investment & Service Recommendations	0.19%	\$ 7
Total Tax Impact	3.76%	\$ 145

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User Rates	% Change	\$ Change
Water Bill	2.50%	\$ 8
Wastewater Bill	5.00%	\$ 22
Total User Rate Impact		\$ 30

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Property Taxes Compared to Other Major Household Expenses

Description	Amount Paid Annually
Total Property Taxes (City, Service Partners, Education)* Taxes Paid for Services Provided Directly By City of Barrie*	\$3,992 (\$2,220)
Natural Gas	\$1,200
Hydro	\$1,500
Cable & Internet	\$1,600
Gas for an average automobile driver	\$2,500
Car Insurance	\$1,500
Home Insurance	\$800-\$1,000

* For average home assessed at \$302,000

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Next Steps

- January 9, 2017 - Overview Presentation and Binder Distribution
- January 16, 2017 – Service Partner Presentations
- February 6, 2017 – Staff Report and General Committee Deliberations
- February 13, 2017 – Anticipated Council Approval

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