

**Barrie**

**BUSINESS PLAN  
& Budget**

**Overview Presentation  
December 18, 2017**

**2018**

# OUR PLAN FOR A BETTER BARRIE

## 2014-2018 COUNCIL STRATEGIC PLAN



### VIBRANT BUSINESS ENVIRONMENT

Build a global startup community

Eliminate obstacles to business growth and investment

Attract and retain a talented workforce

Promote Barrie's strengths



### INCLUSIVE COMMUNITY

Promote and facilitate community connections

Provide great public spaces

Encourage affordable housing

Support diverse and safe neighbourhoods



### RESPONSIBLE SPENDING

Embrace innovation to improve how we do business

Demonstrate value for money

Improve understanding of how tax dollars are spent

Build a community that respects both current and future taxpayers

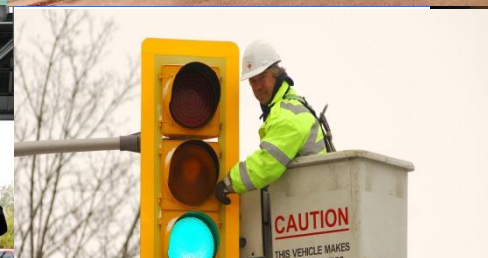


### WELL PLANNED TRANSPORTATION

Improve our road network

Improve options to get around

Improve road safety



# Services we provide everyday



# Culture of Innovation

*2017 examples*

## Improve Service Delivery

- Expedited Resolution Program
- U of T and NSERC partnership
- Water operations optimizations

## Financial Benefits

- Recycled Street Sweepings \$500k
  - Innovative Financing \$805k
- WasteWater optimization \$140k

***Embrace innovation  
to improve how we  
do business***

- Home Owner FAQs
- Paving Marking pilots
- Pictorial signage pilot
- Standardized planning notice process
- GIS Interactive Mapping

## Community Enablement

- Internal training & tools
  - Edison Awards
- Consolidated databases
  - Mobile Apps

## Staff Empowerment

# Financial Management

- Financial Policy Framework Update
- Financial Impact Analysis
- Dedicated Infrastructure Renewal Fund
- MOU – Commitments from the Developer community for voluntary contributions (\$34M)
- Developer Front End Financing Agreements or Developer Credit Agreements
- Maximize Capital Funding Grants
- 2017 Standard & Poor's maintains City's AA stable credit rating



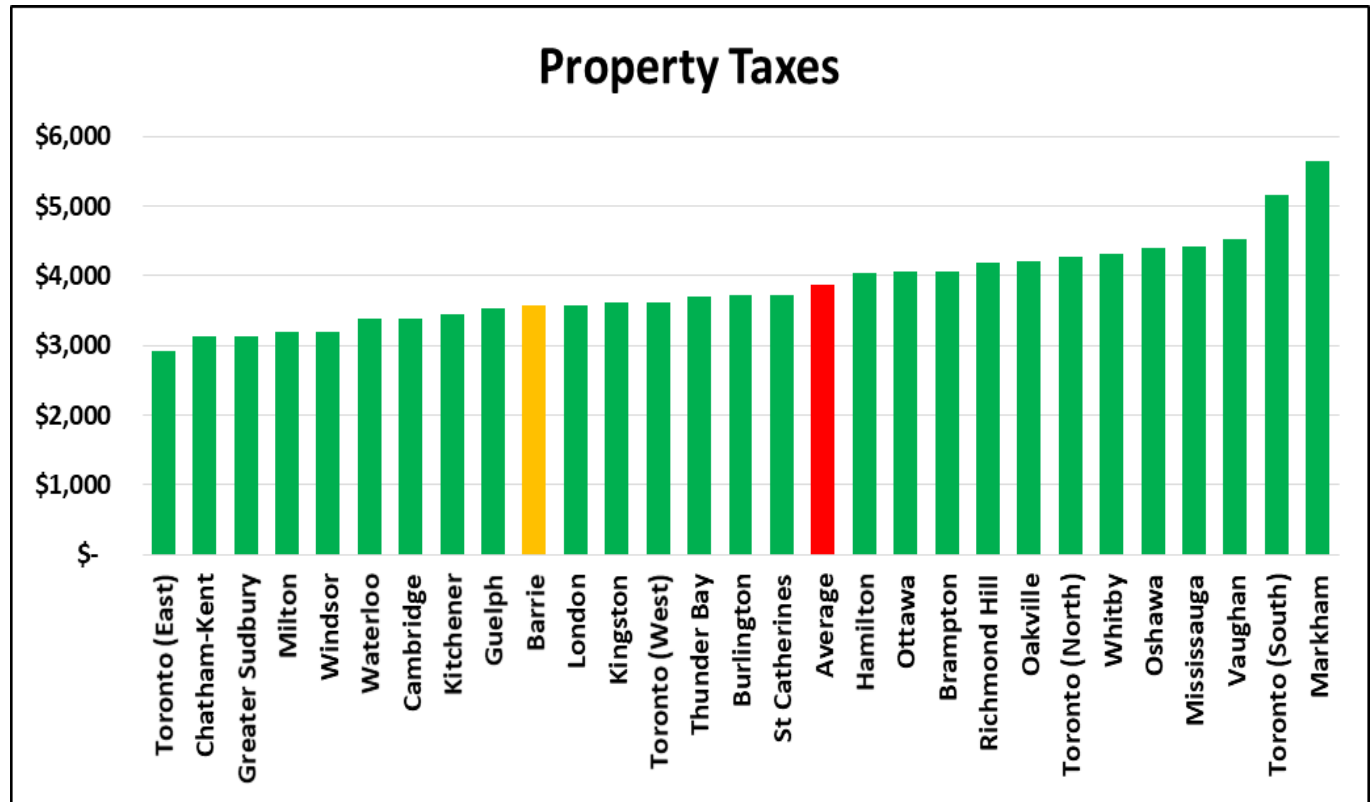
2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

---

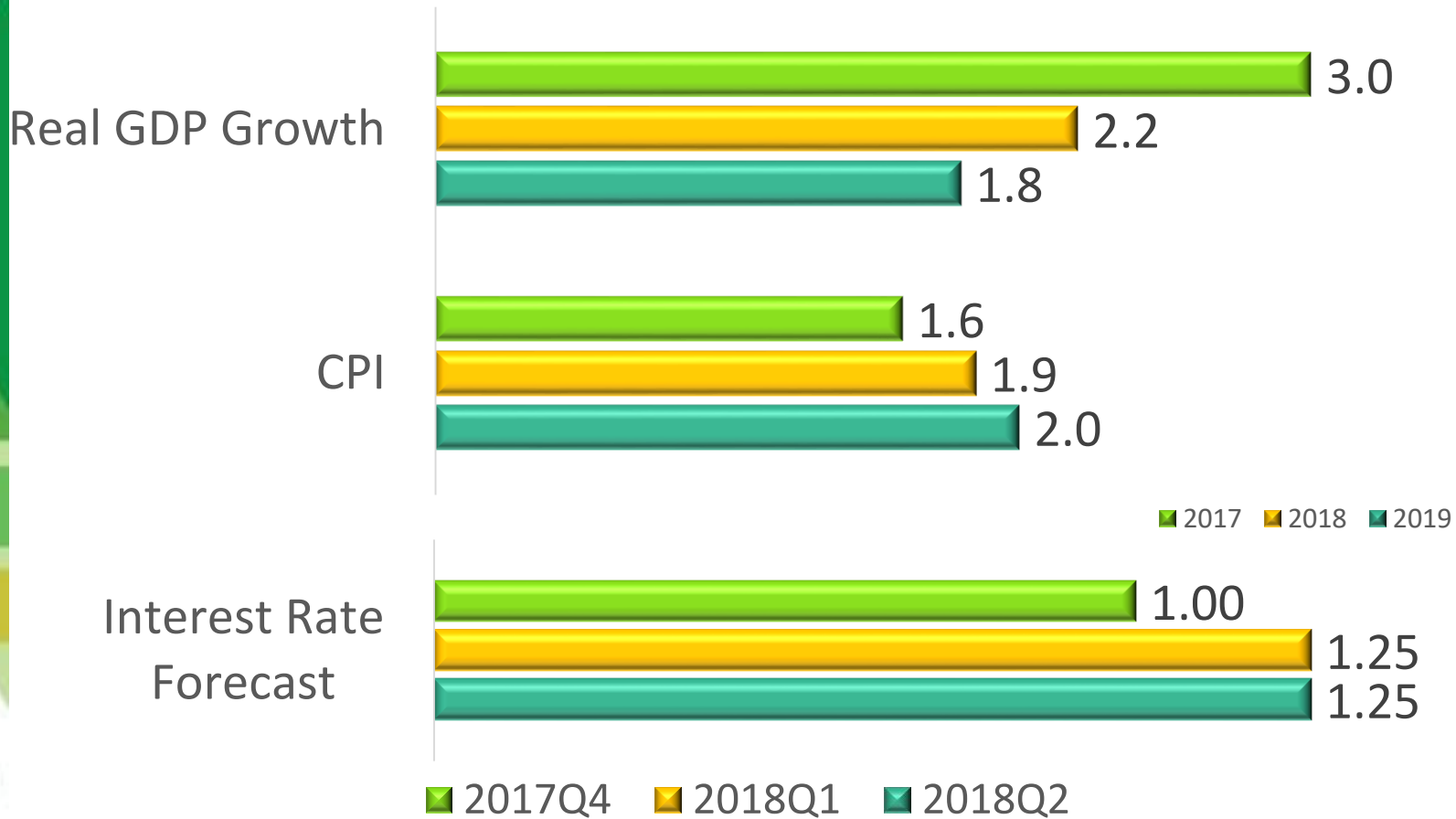
**S&P Global**

# Barrie Taxes Are Comparable



Source: Draft 2017 BMA Municipal Study

# Economic Outlook

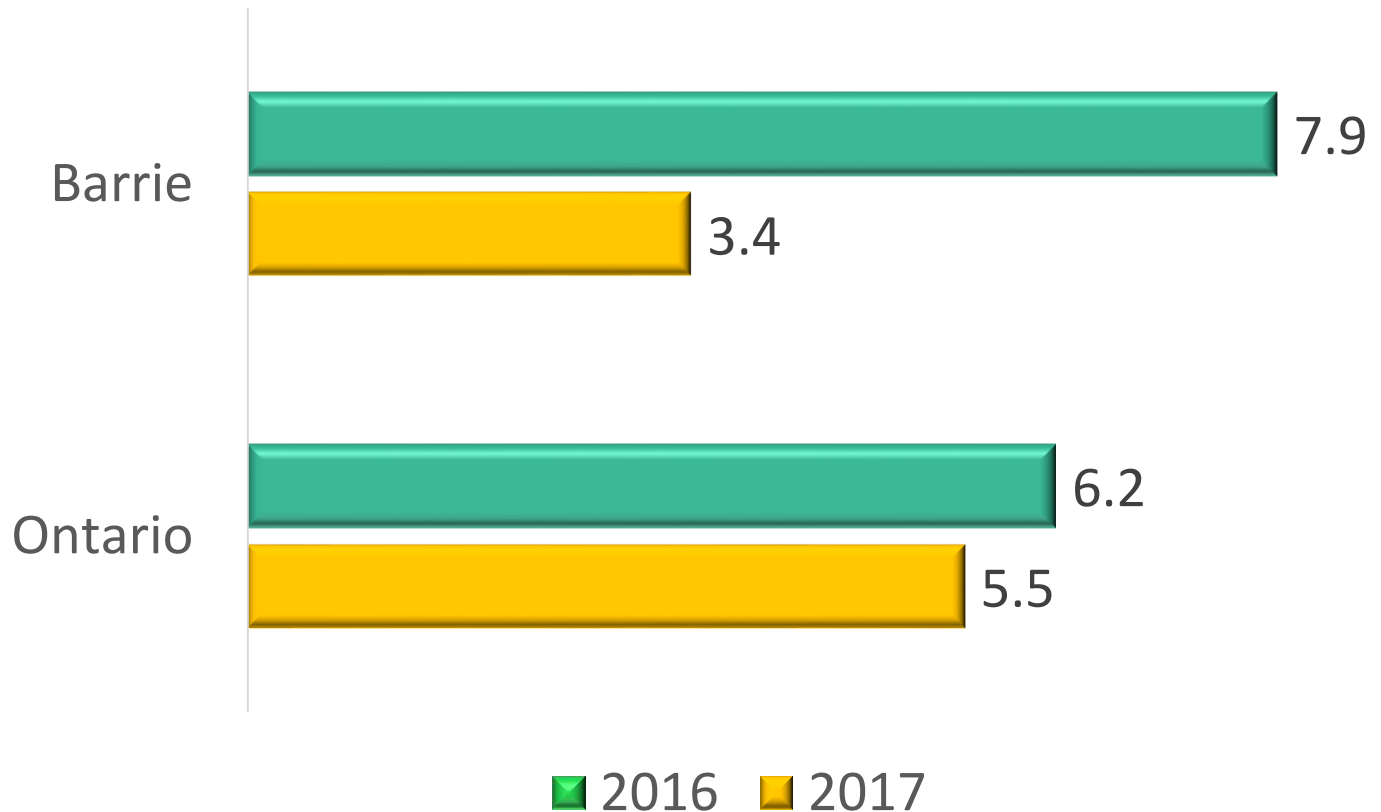


2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

Non-residential Building Construction Price Index was 3%  
as of 3Q2017

# Unemployment Rate (%)



2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

Source: Stats Canada, October 2016 and 2017 : <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/lfss02b-eng.htm>

Accessed November 27, 2017



# Residential and Non-Residential Construction

Construction Activity (000's)	2012	2013	2014	2015	2016	2017 to date
Residential	\$ 103,865	\$ 102,361	\$ 206,979	\$ 59,144	\$ 64,431	\$ 134,584
Commercial	\$ 44,623	\$ 132,539	\$ 108,027	\$ 99,781	\$ 33,464	\$ 46,577
Industrial	\$ 10,951	\$ 29,400	\$ 13,601	\$ 18,151	\$ 30,014	\$ 41,775
Institutional	\$ 20,775	\$ 17,592	\$ 35,947	\$ 11,560	\$ 12,731	\$ 17,720
Other	\$ 6,409	\$ 5,326	\$ 5,418	\$ 9,815	\$ 10,410	\$ 14,489
<b>TOTAL</b>	<b>\$ 188,635</b>	<b>\$ 289,231</b>	<b>\$ 371,986</b>	<b>\$200,466</b>	<b>\$ 153,066</b>	<b>\$ 255,146</b>

**2018**

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

# Capital Reserves

## 2017 Forecast Reserves as a % of Accumulated Amortization

	Reserve Balance	Accumulated Amortization	Reserves as a % of Accumulated Amortization
(000's)			
Tax	\$ 30,536	\$ 391,362	8%
Water	\$ 20,279	\$ 84,496	24%
Wastewater	\$ 23,446	\$ 211,999	11%

## Reserve Comparisons

2016	Barrie	Peer Average
Reserves as a % of Taxation	31%	58%
Water Reserves as a % of OSR	86%	85%
WW Reserves as a % of OSR	52%	77%

Source: FIRs

# 2018 Business Plan Process

Budget  
Direction  
Report

May 29,  
2017

Budget  
Overview

October  
2017

December  
18, 2017

GC Budget  
Deliberation

January  
15, 2018

January  
22, 2018

January  
29, 2018

2018

EMT  
Review

Service  
Partners

Council  
Approval

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

# 2018 Budget Directions

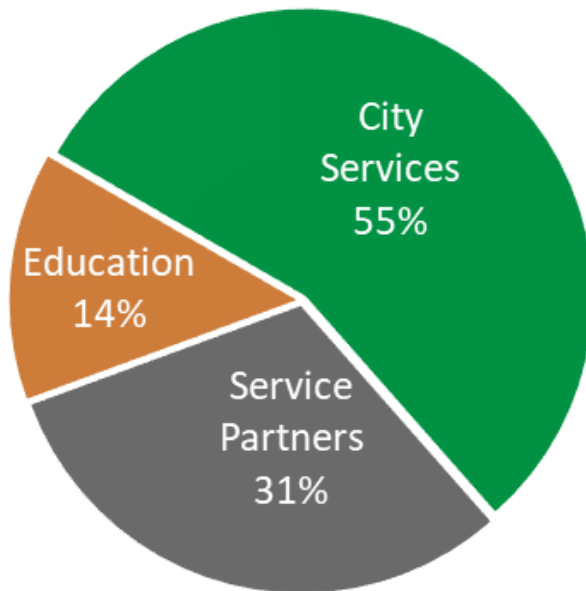
- Build 2018 Business Plan on cost of maintaining current service levels with any significant impacts (service level changes, complement levels) being presented to Council for consideration
- One year Operating Budget and **three year** Operating Forecast
- Development of 10 Year Capital Plan (1 Year Budget, 4 Year Forecast, 5 Year Outlook)
- **A cap on any potential 2018 tax increase to 1.5%, excluding the 1% levy associated with the Dedicated Infrastructure Renewal Fund**

2018

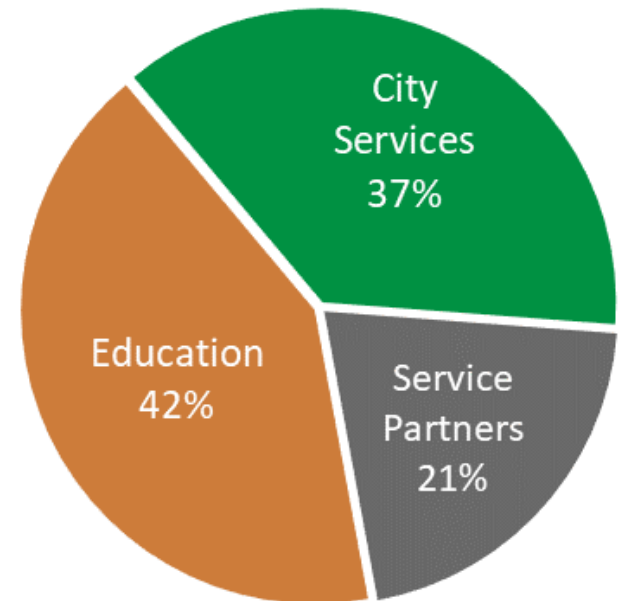
BUSINESS  
PLAN &  
OPERATING  
BUDGET

# A Single Tax Bill

**Residential Property  
Tax Bill**



**Commercial Property  
Tax Bill**

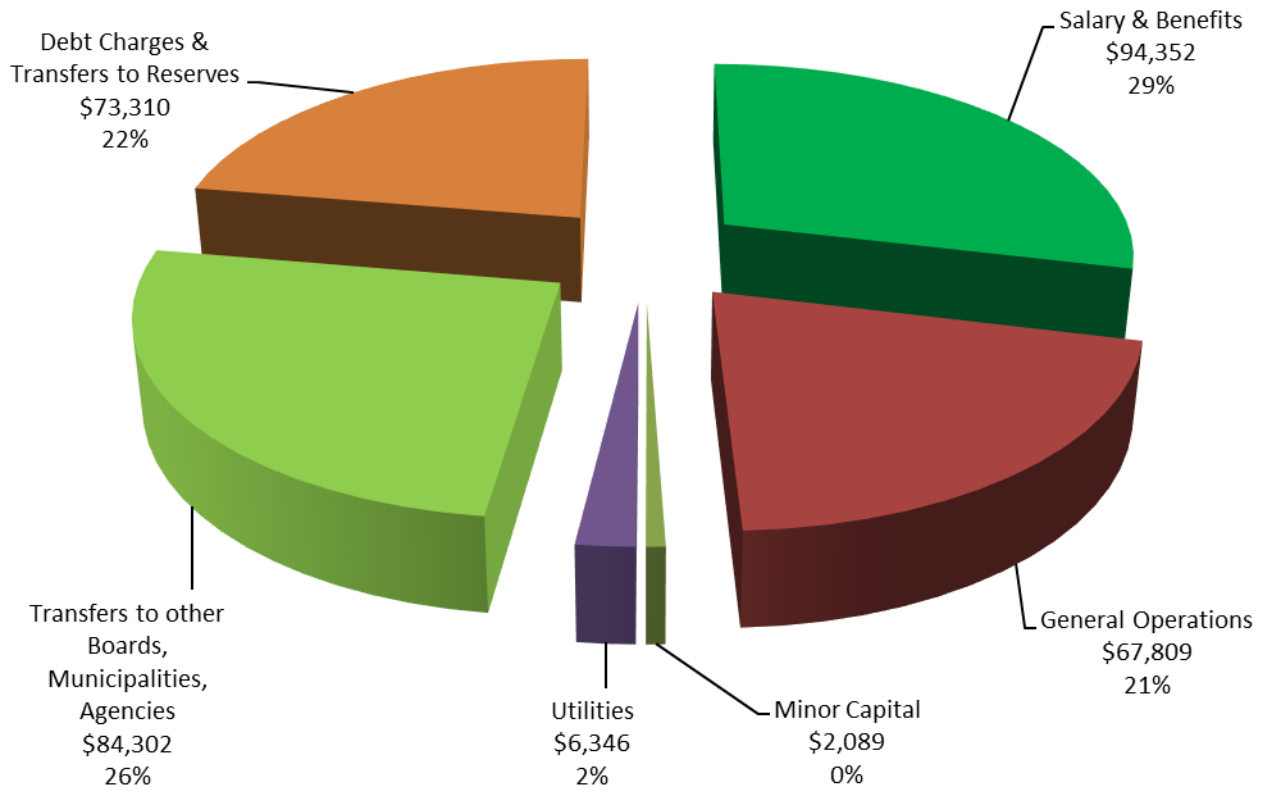


2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

# Proposed 2018 Tax Operating Budget

2018 Gross Expenditures - \$328.2M  
(\$000s)

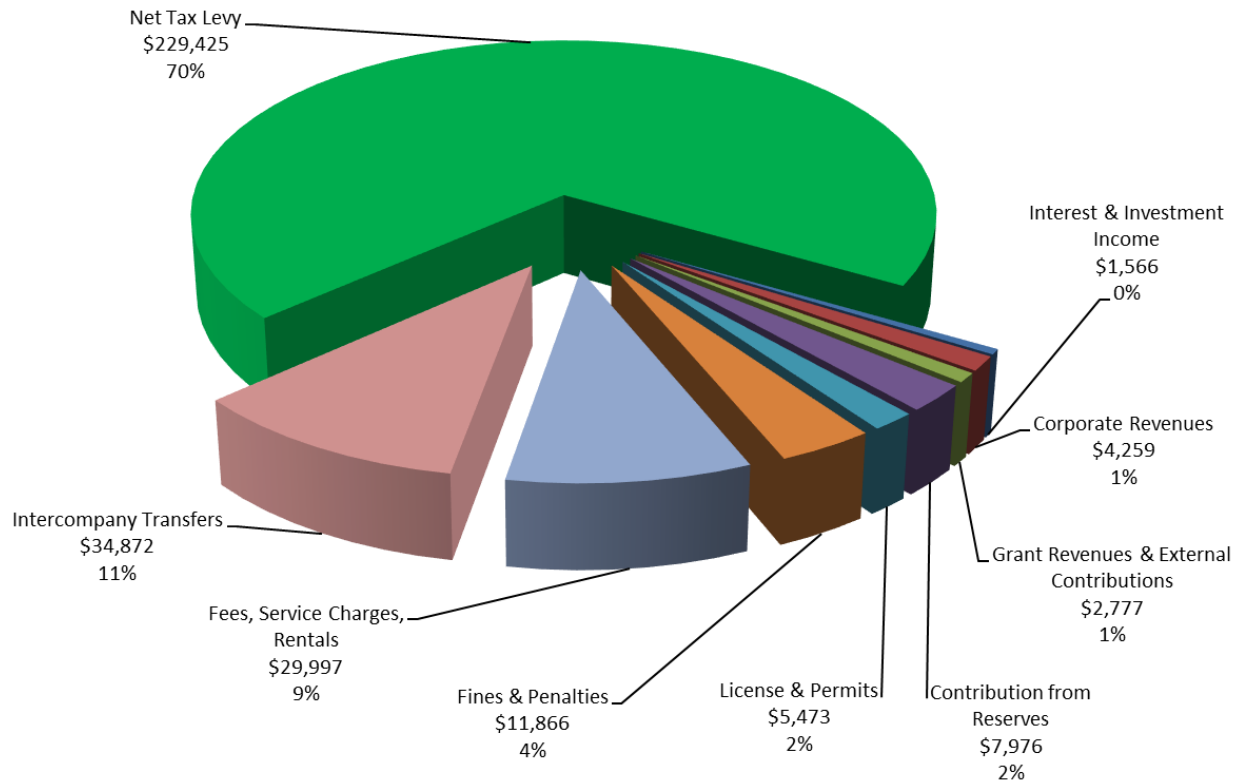


2018

BUSINESS PLAN & OPERATING BUDGET

# Proposed 2018 Tax Operating Budget

**2018 Sources of Operating Revenue - \$328.2M**  
(\$000s)



2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

# Summary of Proposed Tax Budget Changes

	2018 Budget	Tax Rate Impact
<b>Prior Year - Net Operating Expenditures funded by property taxes</b>	<b>\$ 218,539,399</b>	
<b>Maintain current service levels:</b>		
City Operations	\$ 3,845,199	
Estimated Impact of Provincial Legislation (Bill 148)	\$ 645,000	
<b>Maintain current service levels</b>	<b>\$ 4,490,199</b>	<b>1.80%</b>
Debt & Reserve Management	\$ 1,128,906	0.45%
Investment & Service Recommendations	\$ 129,225	0.05%
<b>Total City Operations</b>	<b>\$ 5,748,330</b>	<b>2.30%</b>
Service Partner Budget Requests	\$ 2,636,776	1.05%
Realized Assessment Growth Benefit		-1.20%
<b>Total City &amp; Service Partner Operations</b>	<b>\$ 8,385,106</b>	<b>2.15%</b>



<b>Dedicated Infrastructure Renewal Fund</b>	<b>1%</b>
--	-----------

**2018**

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**



# Service Partners

Category	Service Partner	Net Funding Request/Levy	YoY change in tax funded request/levy	YoY % change
Local Boards	Police	\$ 51,814,867	\$ 1,539,754	3.06%
	Library	\$ 7,602,456	\$ 391,708	5.43%
Conservation Authorities	Lake Simcoe Region Conservation Authority	\$ 351,945	\$ 30,789	9.59%
	Nottawasaga Valley Conservation Authority	\$ 312,567	\$ 14,436	4.84%
County of Simcoe	Long Term Care	\$ 969,000	\$ 50,000	5.44%
	Ontario Works Uploading	\$ 2,763,000	\$ (797,000)	-22.39%
	Paramedic Services	\$ 6,304,000	\$ 181,000	2.96%
	Social Housing	\$ 6,119,000	\$ 1,071,000	21.22%
	Children & Community Services	\$ 2,255,000	\$ 121,000	5.67%
	Museum & Archives	\$ 108,000	\$ 2,000	1.89%
	CoS Capital Reserve	\$ 1,300,000	\$ -	0.00%
Health Units	Simcoe Muskoka District Health Unit	\$ 1,751,430	\$ 25,892	1.50%
Other	Physician Recruitment	\$ 60,000	\$ -	0.00%
	Tourism Barrie	\$ 213,520	\$ -	0.00%
	Lake Simcoe Regional Airport	\$ 429,477	\$ 6,198	1.46%
<b>Grand Total</b>		<b>\$ 82,354,262</b>	<b>\$ 2,636,777</b>	<b>3.31%</b>

Tax rate impact of \$2,636,777 or 1.05%

# Rate Budgets

## Water & Wastewater

- Business Plan Recommends:
  - 2018 Water rate 2.74% increase
  - 2018 Wastewater rate 3% increase

## Parking

- Parking permits/fees/passes held at 2017 rates.
- \$534k draw from Parking Reserve in 2018 which is a \$142k improvement over 2017

2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**



# 2018 Council Capital Budget Directions

That staff prepare the 2018 Capital Budget with appropriate consideration of:

- Council's strategic goals;
- Continued focus on the execution of the Growth Management Plans;
- Investment in renewing the City's current infrastructure utilizing a risk based approach to project selection;
- Availability of financial and staff resources to do the work.

# 2018 Capital Plan

2018 - 2022 Capital Budget (\$000)	2018	2019	2020	2021	2022	Grand Total
Previously Approved (Committed)	\$84,797	\$49,357	\$4,209	\$55	\$0	\$138,418
New Capital Requests	\$88,504	\$50,040	\$34,473	\$933	\$223	\$174,173
New Investment and Service Recommendations (associated with Operating Budget requests)	\$316	\$0	\$0	\$0	\$0	\$316
<b>Total 2018 Capital Budget</b>	<b>\$173,617</b>	<b>\$99,397</b>	<b>\$38,682</b>	<b>\$988</b>	<b>\$223</b>	<b>\$312,907</b>
Forecast	\$0	\$69,476	\$208,465	\$202,723	\$218,116	\$698,780
<b>Grand Total 2018-2022 Capital Budget</b>	<b>\$173,617</b>	<b>\$168,873</b>	<b>\$247,147</b>	<b>\$203,711</b>	<b>\$218,339</b>	<b>\$1,011,687</b>

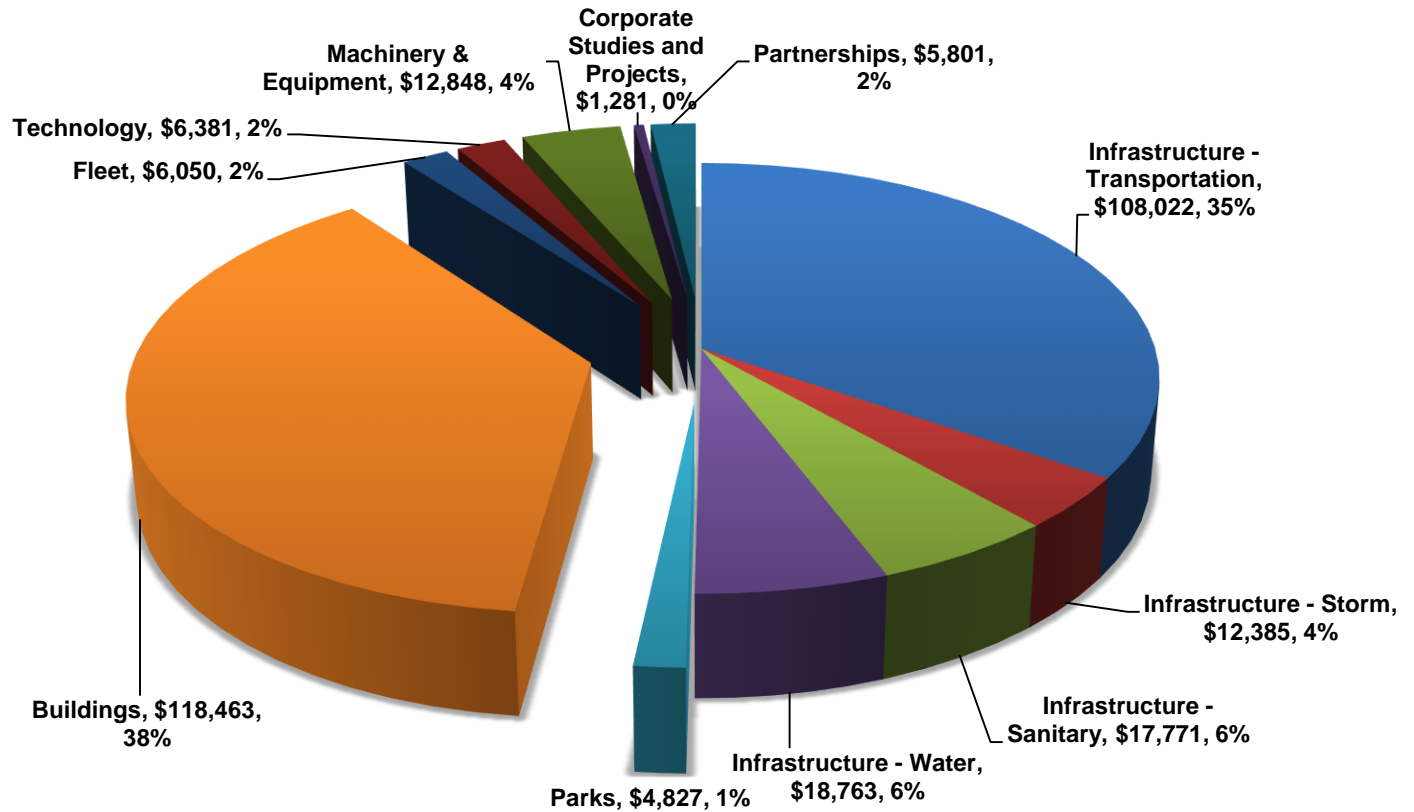


The 2018 Capital Plan is asking for \$174.5 Million of new spending over the next 5 years. Including previously approved capital commitments of \$138.4 Million, the total approved capital plan will be \$313 Million

2018

# 2018 Capital Budget

**2018 Requested Budget By Asset Class & Investment Area (Total \$312.6 Million) (\$000)**

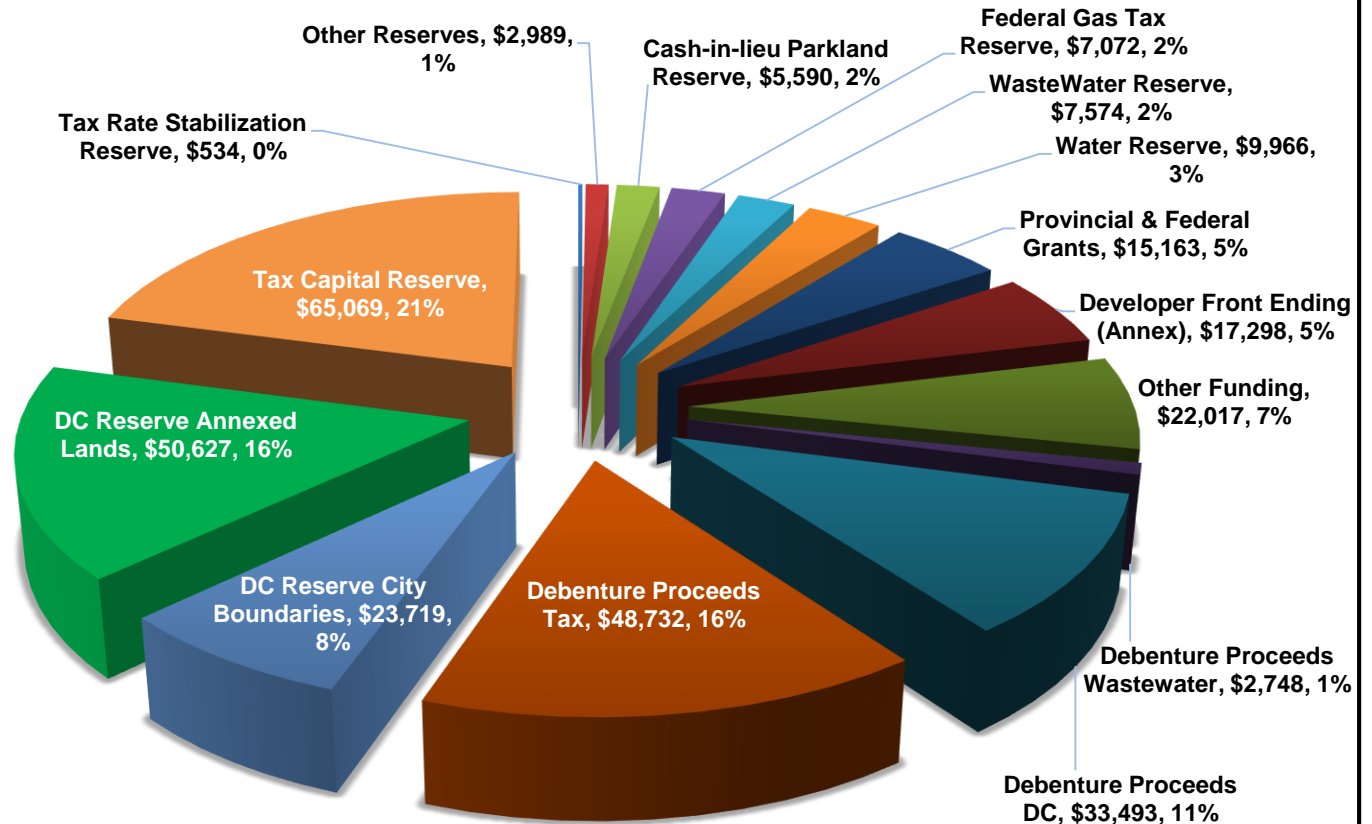


2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

# 2018 Proposed Capital Budget

**2018 Requested Budget By Funding Source  
(Total \$312.6 Million) (\$000)**



2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

# Impacts of the 2018 Capital Plan

- Salem/Hewitt's land infrastructure projects
  - Construction starts on key water main, sewer and road expansion projects
- Highway 400 projects
  - Harvie Road crossing property acquisition and utility relocations in preparation for bridge construction
  - McKay Road interchange design advances
- Major Facilities
  - Barrie – Simcoe Emergency Services Campus construction starts
  - Partial funding for Year Round Downtown Market design and construction
  - BFES Station 6 Land Acquisition and future Building Development, Station 4 and Station 3 renovations
  - Land acquisition for Hewitt facility

2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

# Impacts of the 2018 Capital Plan

- Neighbourhood renewal
  - Advancing from 2017 predesign to 2018 design for 4 of the City's oldest neighbourhoods, with predesign starting for one additional neighbourhood
- Approximately \$43 million investment in pavement on local, collector and arterial roads, including:
  - Road reconstruction - \$39.5 million
  - Pavement preservation - \$3.25 million
  - Holding strategies - \$375k

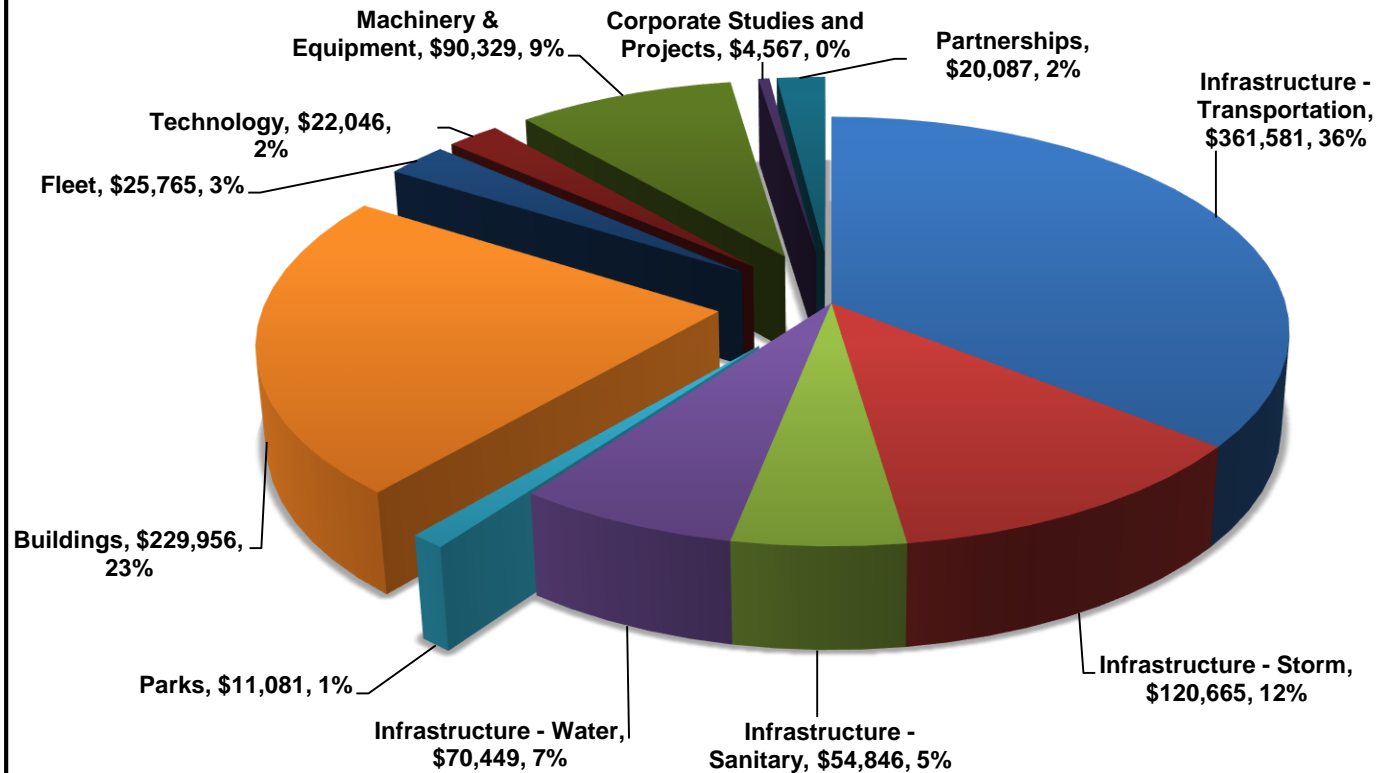
2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**



# 2018 to 2022 Forecasted Capital Plan

**2018 - 2022 Requested and Forecasted Capital Budget  
By Asset Class & Investment Area (Total \$1,011 Million)  
(\$000)**

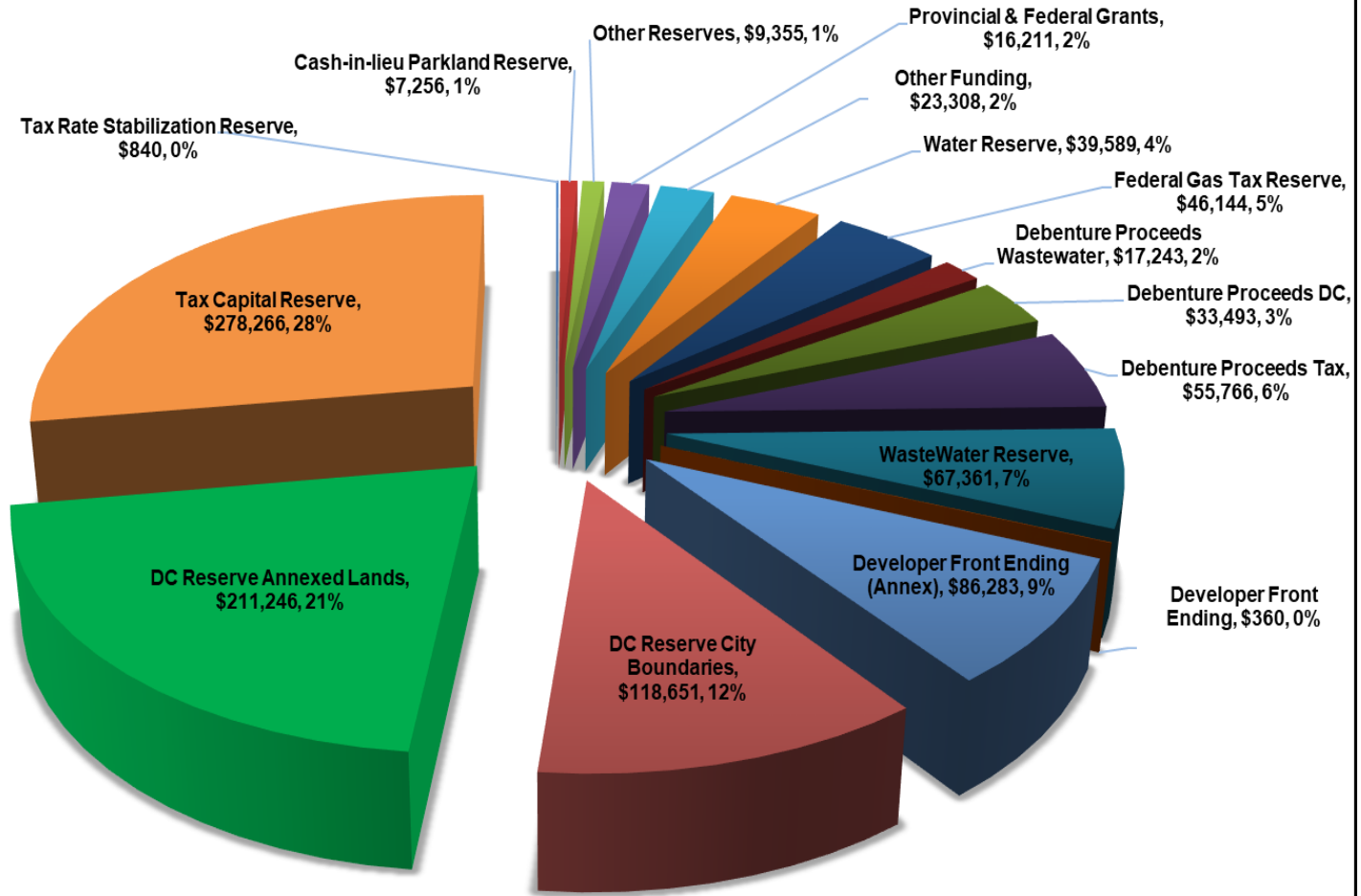


2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

# 2018 to 2022 Forecasted Capital Plan

2018 - 2022 Requested and Forecasted Capital Budget By Funding Source (Total \$1,011 Million) (\$000)



2018

BUSINESS PLAN & OPERATING BUDGET

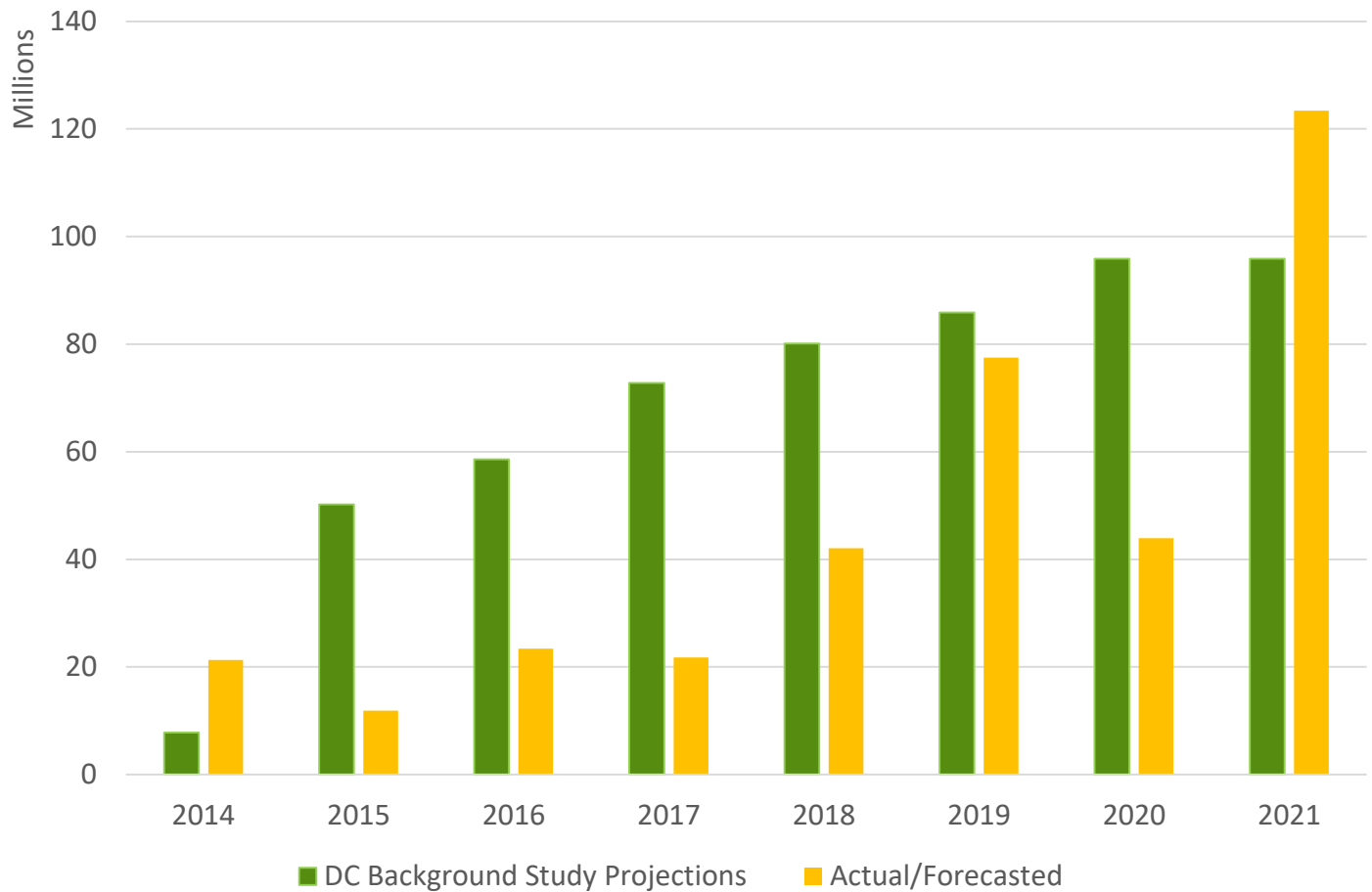
# Development Charge Reserve Forecast

	2018	2019	2020	2021	2022
<b><u>Development Charge Reserve Funds</u></b>					
Beginning Balance	\$ 5,906,729	\$ (25,003,070)	\$ (35,176,163)	\$ (80,642,456)	\$ (51,434,821)
Draws Previous Commitments <sup>1</sup>	\$ (28,391,648)	\$ (29,115,628)			
Draws from Reserves - Capital	\$ (26,182,183)	\$ (39,514,163)	\$ (69,674,490)	\$ (72,868,978)	\$ (100,802,380)
Debt Servicing Cost and Operating Commitment	\$ (18,403,480)	\$ (19,029,008)	\$ (19,751,394)	\$ (21,337,602)	\$ (21,639,699)
Contribution to Reserves	\$ 42,067,512	\$ 77,485,707	\$ 43,959,591	\$ 123,414,215	\$ 114,262,807
<b>Fully Committed Reserve Balance</b>	<b>\$ (25,003,070)</b>	<b>\$ (35,176,163)</b>	<b>\$ (80,642,456)</b>	<b>\$ (51,434,821)</b>	<b>\$ (59,614,092)</b>
Assumption 50% Carry-forward	\$ (13,091,092)	\$ (40,860,441)	\$ (55,267,466)	\$ (64,068,222)	\$ (82,435,301)
<b>Forecasted Reserve Balance based on Cashflow</b>	<b>\$ (11,911,979)</b>	<b>\$ 5,684,278</b>	<b>\$ (25,374,990)</b>	<b>\$ 12,633,401</b>	<b>\$ 22,821,209</b>

## Forecast Facts:

- 5 year average annual total draws from DC reserves \$76.9 million
- 5 year average annual DC revenues \$80.2 million
- 5 year average ending DC reserve balance \$0.8 million

# Development Charge Collections Projected vs Actual/Forecast



2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

# Tax Capital Reserve

	2018	2019	2020	2021	2022
<b><u>Tax Capital Reserve</u></b>					
Beginning Balance	\$ 30,535,615	\$ 2,514,662	\$ (8,591,613)	\$ (26,171,838)	\$ (32,216,542)
Draws Previous Commitments	\$ (38,803,959)	\$ (7,032,121)			
Draws from Reserves - Capital	\$ (21,005,534)	\$ (47,169,394)	\$ (63,610,983)	\$ (59,508,201)	\$ (72,568,115)
Contribution to Reserves - Tax Capital Reserve	\$ 31,788,540	\$ 35,538,540	\$ 39,913,540	\$ 44,288,540	\$ 47,788,540
Contribution to Reserves - Capital	\$ -	\$ 7,556,700	\$ 6,117,218	\$ 9,174,957	\$ 11,149,889
<b>Fully Committed Reserve Balance</b>	<b>\$ 2,514,662</b>	<b>\$ (8,591,613)</b>	<b>\$ (26,171,838)</b>	<b>\$ (32,216,542)</b>	<b>\$ (45,846,227)</b>
Spending Assumption <sup>1</sup>	\$ (10,502,767)	\$ (32,352,141)	\$ (47,981,562)	\$ (53,744,882)	\$ (63,156,498)
<b>Forecasted Reserve Balance based on Cashflow</b>	<b>\$ 13,017,429</b>	<b>\$ 23,760,528</b>	<b>\$ 21,809,725</b>	<b>\$ 21,528,340</b>	<b>\$ 17,310,271</b>

<sup>1</sup> Assuming 50% spent on capital commitments

## Forecast Facts:

- 5 year average annual total draws \$49.3 million
- 5 year average annual Reserve Contributions \$39.9 million
- 5 year average ending reserve balance \$19.5 million
- 5 year Capital Contributions of \$34 million

# Water Capital Reserve

	2018	2019	2020	2021	2022
<b><u>Water Rate Reserve</u></b>					
Beginning Balance	\$ 20,278,965	\$ 17,060,490	\$ 10,114,809	\$ 4,369,105	\$ 1,296,330
Draws Previous Commitments <sup>1</sup>	\$ (4,166,023)	\$ (2,655,745)			
Draws from Reserves - Capital	\$ (4,244,909)	\$ (8,941,689)	\$ (10,606,515)	\$ (8,111,577)	\$ (6,711,200)
Contribution to Reserves	\$ 5,192,457	\$ 4,651,754	\$ 4,860,811	\$ 5,038,802	\$ 5,114,384
<b>Fully Committed Reserve Balance</b>	<b>\$ 17,060,490</b>	<b>\$ 10,114,809</b>	<b>\$ 4,369,105</b>	<b>\$ 1,296,330</b>	<b>\$ (300,486)</b>
Assumption 50% Carry-forward	\$ (2,122,455)	\$ (6,859,945)	\$ (8,733,230)	\$ (8,422,404)	\$ (7,566,802)
<b>Forecasted Reserve Balance based on Cashflow</b>	<b>\$ 19,182,944</b>	<b>\$ 16,974,754</b>	<b>\$ 13,102,335</b>	<b>\$ 9,718,733</b>	<b>\$ 7,266,316</b>

## Forecast Facts

- 5 year average annual draws from reserve \$7.6 million
- 5 year average annual contribution to reserve \$5.0 million
- 5 year average ending reserve balance \$13.2 million

# Wastewater Capital Reserve

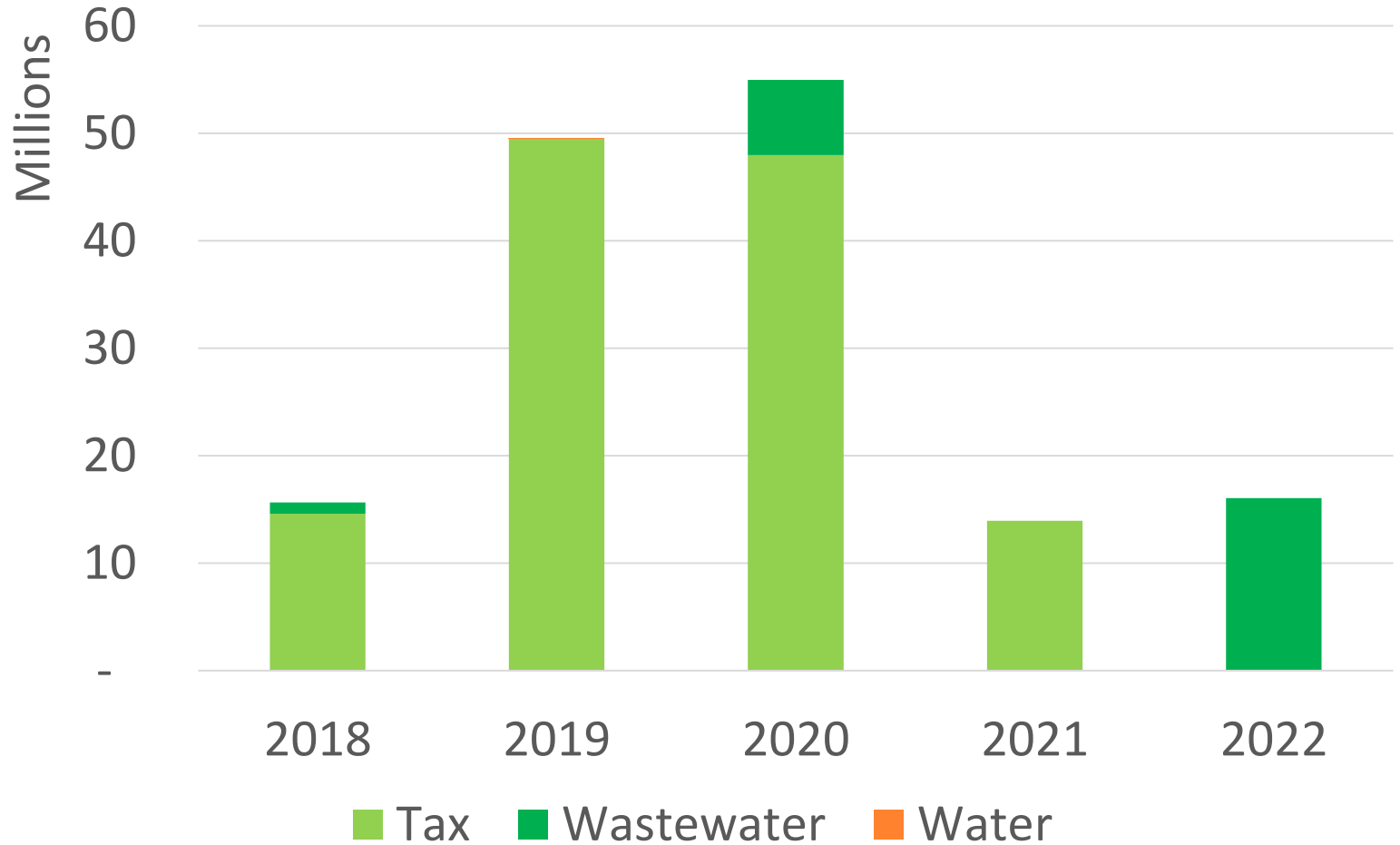
	2018	2019	2020	2021	2022
<b><u>WasteWater Rate Reserve</u></b>					
Beginning Balance	\$ 23,445,800	\$ 28,419,910	\$ 32,478,203	\$ 28,627,974	\$ 24,155,423
Draws Previous Commitments <sup>1</sup>	\$ (5,443,466)	\$ (2,132,773)			
Draws from Reserves - Capital	\$ (3,797,985)	\$ (8,258,440)	\$ (18,638,055)	\$ (19,571,597)	\$ (16,644,000)
Contribution to Reserves	\$ 14,215,561	\$ 14,449,506	\$ 14,787,826	\$ 15,099,047	\$ 15,446,325
<b>Fully Committed Reserve Balance</b>	<b>\$ 28,419,910</b>	<b>\$ 32,478,203</b>	<b>\$ 28,627,974</b>	<b>\$ 24,155,423</b>	<b>\$ 22,957,748</b>
Assumption 50% Carry-forward	\$ (1,898,992)	\$ (6,145,103)	\$ (12,391,579)	\$ (15,981,588)	\$ (16,312,794)
<b>Forecasted Reserve Balance based on Cashflow</b>	<b>\$ 30,318,902</b>	<b>\$ 38,623,306</b>	<b>\$ 41,019,553</b>	<b>\$ 40,137,012</b>	<b>\$ 39,270,542</b>

2018

## Forecast Facts

- 5 year average annual draws from reserve \$11.6 million
- 5 year average annual contribution to reserve \$14.8 million
- 5 year average ending reserve balance \$37.9million

# Forecasted Annual Debt Requirements



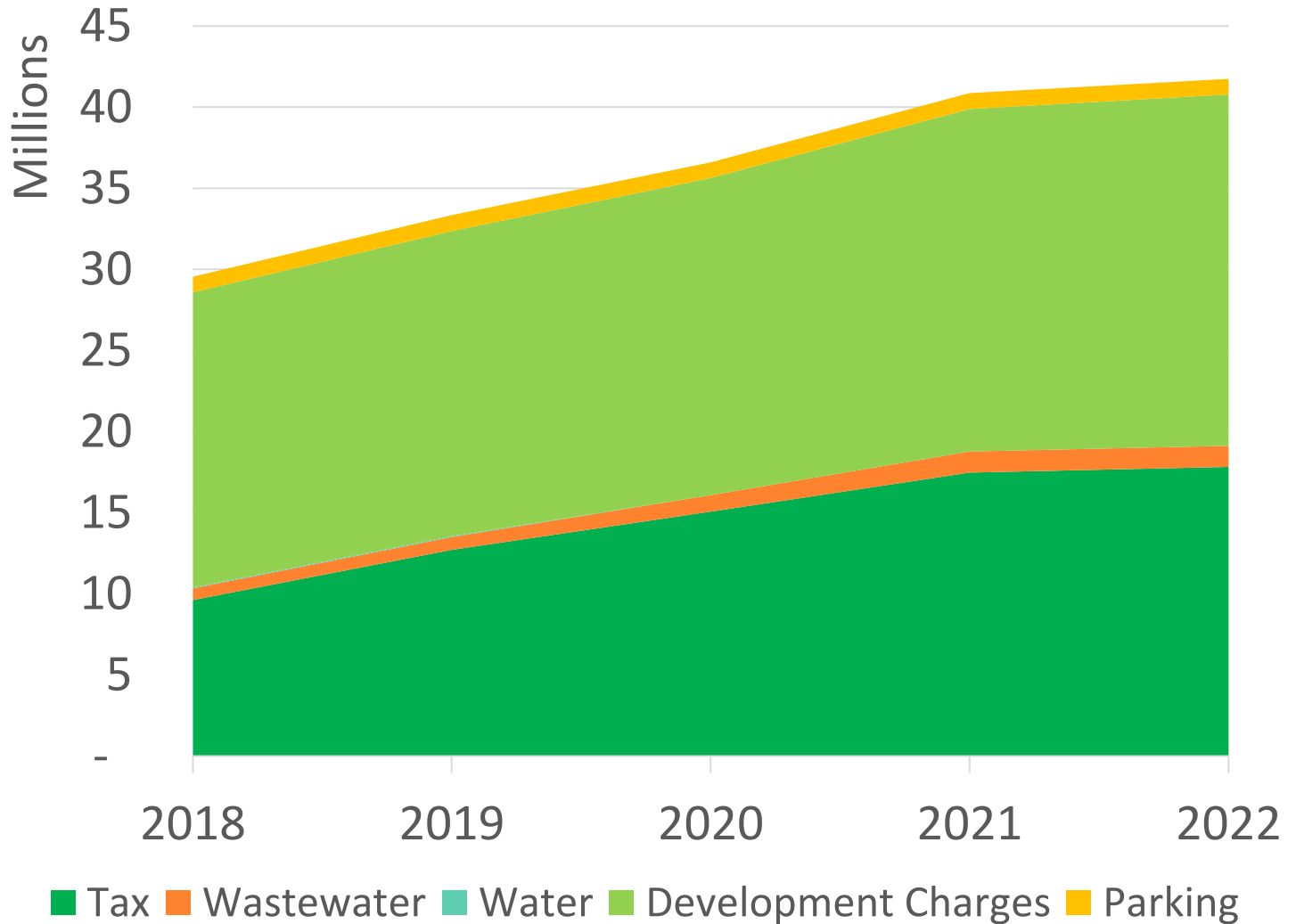
**Barrie**

**2018**

**BUSINESS PLAN & OPERATING BUDGET**



# Debt Servicing Costs by Funding Source

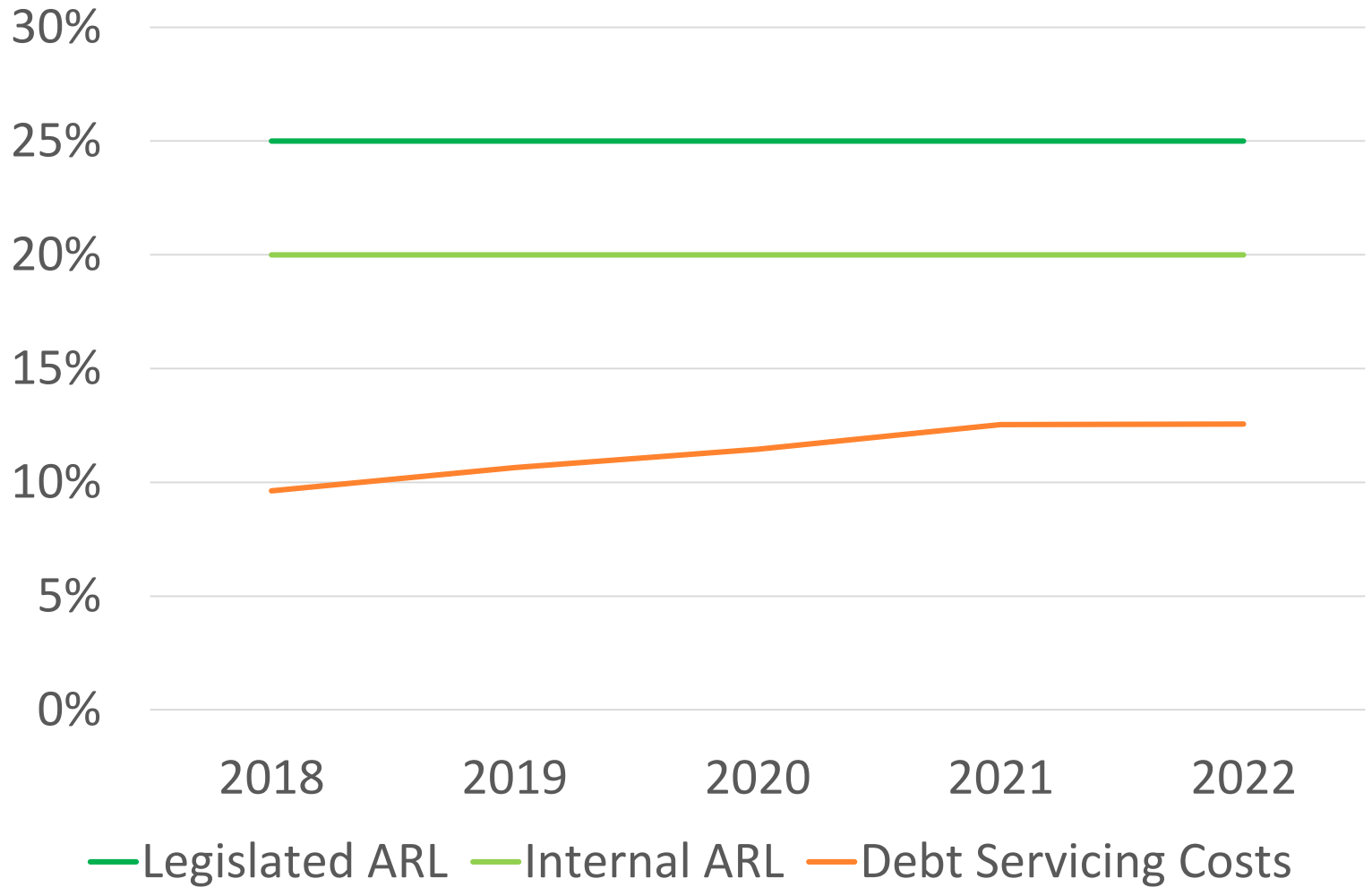


**Barrie**

**2018**

**BUSINESS PLAN & OPERATING BUDGET**

# Annual Debt Servicing Costs to ARL



2018

BUSINESS  
PLAN &  
OPERATING  
BUDGET

# Next Steps

- January 15, 2018 – Service Partner Presentations
- January 22, 2018 – Staff Report and General Committee Deliberations
- January 29, 2018 – Anticipated Council Approval

2018

**BUSINESS  
PLAN &  
OPERATING  
BUDGET**

Contact [www.Barrie.ca/Budget](http://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](mailto:budget.questions@barrie.ca)