



**Executive
Summary
2023**

EXECUTIVE SUMMARY

Each year, staff at the Corporation of the City of Barrie create a business plan and budget for the upcoming year that prepares Barrie to be in the best position to continue to meet the needs of our growing community, while also protecting our future.

The City faces several pressures which make the 2023 budget year a challenge, including high inflation and rising interest rates. These stressors impact financing costs and put pressure on existing and upcoming contracts. These pressures are far-reaching, impacting not only the City but it's service partners and it's residents.

While creating the budget, staff recognized the difficulties many in the community have faced in the last year and have worked to ensure that the City maintains it's services while staying within the affordability thresholds established in the City's Financial Policies Framework.

The 2023 Business Plan and Budget has a continued focus on implementing Barrie's growth framework, and an important part of this is investing in the City's current infrastructure.

This document is guided by the key principles, included in the City's Financial Policy Framework. Major components of this policy include:



**respect
for the
taxpayer**



**prioritizing
efficiency**



**pursuing
innovation**



**quality
improvements
in service**

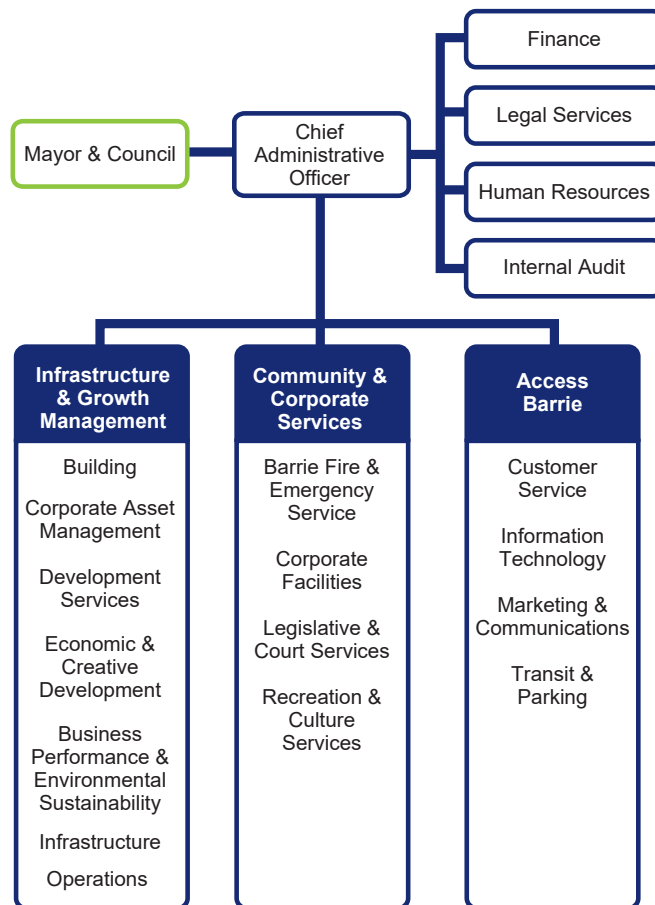


Organizational Structure

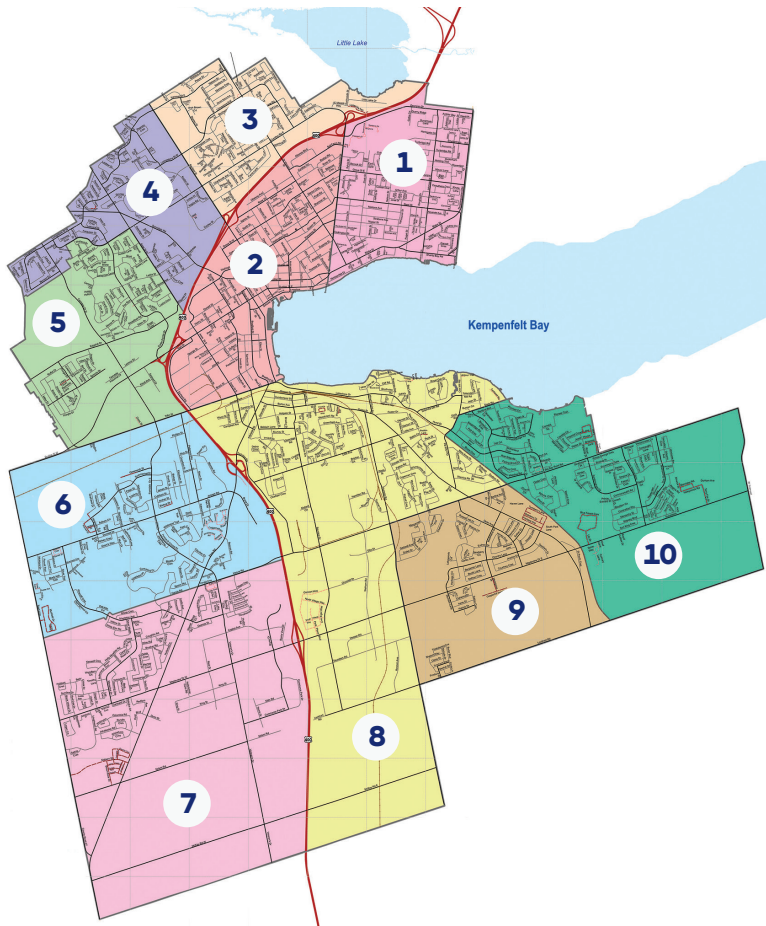
The Executive Management Team is comprised of the Chief Administrative Officer, General Managers of Infrastructure & Growth Management and Community & Corporate Services, Executive Director of Access Barrie, Chief Financial Officer and the Director of Legal Services.

The Executive Management Team's mission is to build a customer-focused organization that is responsive to the community, where all staff understand and embrace their fundamental role as one of serving the community.

Organizational Structure



City of Barrie Map & Barrie City Council



Mayor Alex Nuttall



WARD 1
Clare Riepma



WARD 6
Nigussie Nigussie



WARD 2
Craig Nixon



WARD 7
Gary Harvey



WARD 3
Ann-Marie Kungl



WARD 8
Jim Harris



WARD 4
Amy Courser



WARD 9
Sergio Morales



WARD 5
Deputy Mayor Robert Thomson



WARD 10
Bryn Hamilton

BUSINESS PLAN OVERVIEW

The 2023 Business Plan outlines how the City plans to allocate resources to deliver the programs and services residents and businesses rely on everyday. It is developed using a service-based approach that relates labour, materials and other costs to the programs and services they support. Budget changes are driven by increased costs to maintain existing service levels, or increased service levels due to service enhancements or the addition of a new service. To address the City's current financial realities, decisions need to be made that impact services and service levels now and in the future.

Elements of Barrie's Budget

- **Operating budget (tax-rate)** is for ongoing programs and services that are funded primarily through a combination of property taxes, user fees and reserves and can be delivered by the City of Barrie (i.e. parks) or by one of the City's service partners (i.e. Barrie Police Service).
- **Operating budget (user-rate)** is for ongoing programs and services funded primarily through reserve funds and user fees intended to make the programs and services self-sustaining. The City currently has four user-rate-based operating budgets: water, wastewater, stormwater and parking.
- **Capital plan** is for projects designed to create, enhance or restore the City's significant network of assets, including infrastructure (roads, bridges, buildings etc.), land, equipment and vehicles. The capital plan is funded from a combination of property taxes, development charges, debt issuance, grants, rates and reserves.

Financial Summary

The City faces many pressures in developing a fiscally responsible budget. To understand how these various pressures impact the recommended business plan and budget, City staff have used a “building block” approach considering the costs of maintaining City operations, new investment and service recommendations, service partners, and debt management. The following summarizes the recommended Business Plan and Budget.

The recommended operating budget will require a 0.88% increase for City Services; a 2.07% tax rate increase for service Providers, plus the 1.00% levy for the Dedicated Infrastructure Renewal Funding. This will result in an increase of \$182 to the property tax bill for a typical home.

Description	Tax Levy Increase/(Decrease)	Tax Rate Impact
Maintain service levels for City operations	\$ 8,108,973	2.66%
Decreased Operational Subsidy (Safe Restart, Reserve Draws)	\$ 4,775,000	1.57%
Debt Management	\$ (870,716)	-0.29%
Reserve Contributions (excluding DIRF, CoS)	\$ (6,635,834)	-2.18%
New Investment & Service Recommendations	\$ 1,320,843	0.43%
Assessment Growth	\$ (4,000,000)	-1.31%
City Operations	\$ 2,698,265	0.88%
Conservation Authorities	\$ 23,281	0.01%
County of Simcoe (including CoS Capital Transfer)	\$ 1,685,927	0.55%
Lake Simcoe Regional Airport	\$ (6,000)	0.00%
Barrie Police Services	\$ 4,293,563	1.41%
Barrie Public Library	\$ 265,065	0.09%
Simcoe Muskoka District Health Unit	\$ 41,556	0.01%
Service Partner Budget Requests (including CoS Capital Transfer)	\$ 6,303,392	2.07%
Dedicated Infrastructure Renewal Funding	\$ 3,050,000	1.00%
Total	\$ 12,051,657	3.95%

DIRF (Dedicated Infrastructure Renewal Fund)
CoS (County of Simcoe)



The following are major drivers of the tax rate increase:

- The net cost to maintain City services increased by \$8.1 million resulting in a 2.66% increase to the tax levy. Most of this is due to labour costs, which are impacted by labour agreements. The 2022 budget was developed before the latest CUPE contract was negotiated and the new contract resulted in a higher than budgeted increase. As a result, the unbudgeted 2022 increase as well as increases in 2023 are resulting in higher labour costs. Additionally, there were also increases in part-time staff to Recreation and Culture as their programming levels returned to what was seen pre-Covid. Partially offsetting these pressures is the shifting of stormwater operational costs, previously supported by the tax rate, to the new Stormwater Climate Action Fund user rate.
- In the 2022 budget, Council approved the use of \$2.4 million of Safe Restart funding as well as \$3.5 million from reserves to reduce the tax levy increase required. The Safe Restart funding has now been fully utilized, which left a funding gap that will need to be covered by the tax levy to maintain current service levels. Additionally, ongoing funding of operations from reserves is not sustainable, so the \$3.5 million draw has been reduced to \$1.1 million.
- Reserve contributions decreased by \$6.6 million, mainly due to the introduction of the Stormwater Climate Action Fund user rate (discussed on page 7), which will now fund the stormwater assets and reduces the contribution required from the Tax Capital Reserve by \$7.7 million. Offsetting this are increases to the Fleet Capital, WSIB, Legal Contingency and Elections reserves.
- New investments and service recommendations amount to \$1.3 million or 0.43% and propose 22 additional positions or conversions of temporary positions to full-time staff.
- Service Partners proposed budget increased by \$6.3 million or 2.07% of the tax levy increase. The largest contributors to this are the Barrie Police Service (\$4.3 million) and the County of Simcoe (\$936 thousand).
- The 2023 proposed budget includes a 1.00% Dedicated Infrastructure Renewal Funding contribution of \$3.1 million. This is in line with the recommendations in the long-range financial plan to support the renewal needs of the City's approximately \$6 billion of infrastructure assets.

The proposed user rate budget for water will require an annualized 3.7% rate increase resulting in an increase of \$13.75 to the water bill for a typical home, which is aligned with the approved Water and Wastewater Financial Plan.

The proposed user rate budget for wastewater will require an annualized 5.0% rate increase resulting in an increase of \$26.54 to the water bill for a typical home, which is aligned with the approved Water and Wastewater Financial Plan.

A new Stormwater charge is being introduced, which will see the average residential property pay \$129 per year, a savings of \$45 per year per household compared to funding this service from property taxes. More information on this charge is explained on the next page.

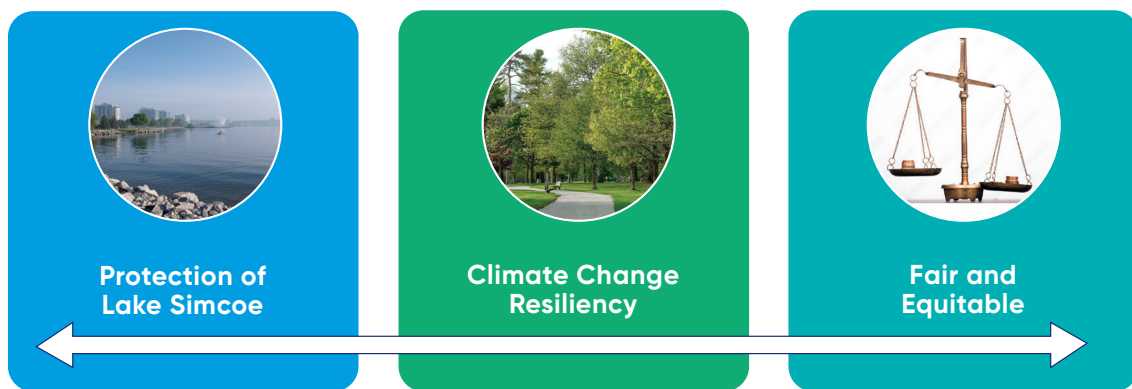


STORMWATER CLIMATE ACTION FUND USER RATE

The City owns stormwater infrastructure assets valued at over \$1 billion dollars, which are expected to grow by 50% over the next 20 years. These assets and related stormwater operations have, historically, been funded through property taxes.

Barrie City Council, in 2022, endorsed the creation of a Stormwater Climate Action Fund to help fund stormwater management operations and infrastructure, and to provide greater equity than currently exists to ensure those who use the stormwater service pay their fair share for their use. This will be a self-sustaining program funded through Stormwater Climate Action Fund user charges instead of through the Tax Levy. Many municipalities have been faced with the same problem and are changing the way they fund their stormwater and drainage services, with 48 municipalities introducing stormwater user rates so far across five provinces in Canada.

The implementation of a Stormwater Climate Action Fund will help foster a safe and healthy City by funding operations and infrastructure needed to support stormwater system sustainability, environmental protection, flood mitigation, and community safety as it relates to stormwater.



STORMWATER CLIMATE ACTION FUND— REDUCTION TO THE TAX LEVY

The introduction of a new Stormwater Climate Action Fund user charge decreases the property tax levy by \$10.5 million for 2023, as the new user charges will cover \$7.7 million of funding needed for stormwater infrastructure, with the remaining funding covering stormwater management operations. These costs were previously funded through the tax rate and by tax-based contributions to the Tax Capital Reserve. These amounts will be removed from a property's tax bill and added onto its water/wastewater bill as a new Stormwater charge.



CAPITAL PLAN

In order to deliver more than 60 municipal services, the City acquires, operates, maintains and renews assets including roads, sidewalks, sewer and water systems, buses, libraries and recreation facilities. In total, it would cost approximately \$6 billion to replace the assets owned by the City. The need to build and acquire new assets to service growth is ongoing, all while the City must maintain, renew, rehabilitate and replace existing aging assets.

The City has an “infrastructure gap” and is investing less than what is needed to look after what we own, and build what is needed to grow. Growth proceeding slower than anticipated will offset some of the infrastructure gap.

In general, however, increased investment in operation, maintenance, and renewal of the City’s infrastructure is needed to ensure that core services are provided in a way that is financially sustainable while minimizing risks.

To ensure that the City manages its existing and future assets responsibly, the application of leading asset management practices was a foundational element in the preparation of the 2023-2032 Capital Plan.

The 2023-2032 Capital Plan includes projects to address the City’s most critical needs, within the constraints of affordability. Decisions about which projects to include in the capital plan were based on overall risk and criticality of each project, the City’s financial condition and staff resources available to complete the work.

Proposed capital spending in the outer five years (2028-2032) is relatively equal to the first five years of the 2023 plan. This helps to plan and balance funding needs, and the human resources required to deliver the plan. In the outer five years, gross costs have remained relatively similar, if not slightly higher, than compared to the 2022 plan. A number of large projects contribute to the affordability challenges in those years.

The following is a high-level overview of previously approved and new requests associated with the 2023 to 2027 Capital Plan projects:

2023 Approval Requests

2023 - 2027 Capital Budget	2023	2024	2025	2026	2027	Grand Total
Previously Approved (Committed)	\$ 16,906,861	\$ 50,497,590	\$ 13,823,269	\$ 7,917,499	\$ -	\$ 89,145,219
New Capital Requests	\$ 78,418,484	\$ 88,807,244	\$ 75,512,180	\$ 17,362,732	\$ 10,879,940	\$ 270,980,579
Recommendations (for Operating Budget requests)	\$ 12,800					\$ 12,800
Total 2023 Capital Budget	\$ 95,338,145	\$ 139,304,834	\$ 89,335,449	\$ 25,280,231	\$ 10,879,940	\$ 360,138,598
Forecast	\$ -	\$ 104,700,487	\$ 164,647,215	\$ 268,025,265	\$ 251,105,950	\$ 788,478,916
Grand Total 2023 - 2027 Capital Budget	\$ 95,338,145	\$ 244,005,321	\$ 253,982,663	\$ 293,305,495	\$ 261,985,890	\$ 1,148,617,514

Note: Previously Approved (committed) line includes \$93 million of returned budget identified through the 2023 budgeting process. These dollars are being returned or deferred to future years based on better information for project timing. Numbers in the table may not add to total due to rounding.



Some of the key projects included in 2023 are listed below:

Capital Plan Key Projects	2022 Phase
Wastewater Treatment Facility upgrades and capacity expansion	“Study/EA Pre-Design/Design Construction”
Fire Station 6	“Property Construction”
NRP–HNS Brock Park Neighbourhood Reconstruction	Construction
Bayfield Street Right of Way Expansion–Cundles to Grove (aligned with MT interchange work)	EA/Pre-Design
Road Resurfacing Program	Construction
Operations Centre Master Plan – Implementation	Construction
Various Flood Mitigation Improvements	All phases
Duckworth Street – Bell Farm to St. Vincent	Construction
Bryne Drive – Harvie to Caplan	Construction
Infrastructure Master Plans to 2051	Study

In an effort to ensure the City is able to look after what we own, the contributions to reserves that support asset replacement are compared with the annual amortization cost based on replacement value, using an average inflationary rate of the Consumer Price Index. The following chart shows the estimated amortization expenses for all existing infrastructure in 2022 based on historical costs for the City of \$62.9 million.

The transfer to the tax, water, wastewater, and parking capital reserves in 2022 was \$63.4 million which is at par with the amortization expense. However, amortization expense based on historical values are significantly lower than replacement cost. The replacement value of the existing infrastructure yields an annual amount of \$135.0 million, resulting in an annual shortfall of over \$71.6 million.

Annual Infrastructure Gap

