



 **Barrie**

**Executive
Summary
2024**

EXECUTIVE SUMMARY

On July 1, 2023, the Province extended the Strong Mayors, Building Homes Act to the City of Barrie. Under the Strong Mayor legislation, the Mayor is to propose a budget to Council before February 1, 2024. In consultation with the Mayor, City of Barrie staff prepared a Business Plan and Budget to present to Council outlining recommendations on how the City will pay for the programs, services and infrastructure the community needs. These investments include fire and emergency services, snow clearing, road repairs, transit, parks and recreation, water treatment and more.

The City faces several pressures which make the 2024 budget year a challenge. Inflation continues to be high and interest rates are rising. These stressors impact financing costs and put pressure on existing and upcoming contracts. These pressures are far-reaching, impacting not only the City but its service partners and its residents.

While these economic pressures are beyond the City’s control, staff and Council will always work hard to focus on the essentials and deliver a budget that meets the needs of the community while staying within the affordability thresholds established in the City’s Financial Policies Framework.

The 2024 Business Plan and Budget will align with Council’s Strategic Plan, with continued focus on implementing the growth framework and investment in renewing the City’s current infrastructure to the greatest extent feasible. Based on the direction from the Mayor and guiding principles from the City’s Financial Policy framework, staff will bring forward a recommended capital plan that does not compromise the City’s financial condition and credit rating.

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**



**maintain and
enhance the City’s
financial condition**



**pursuing
innovation**

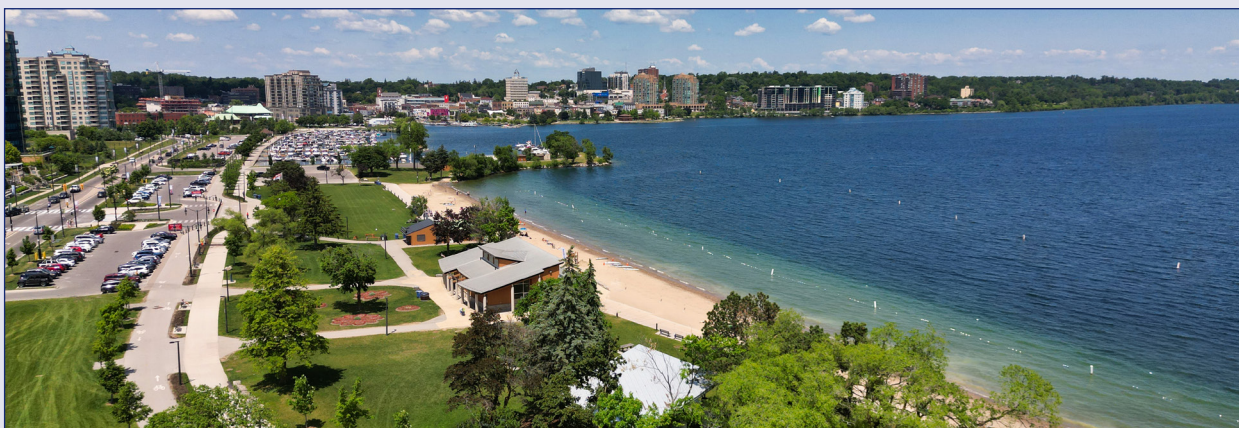
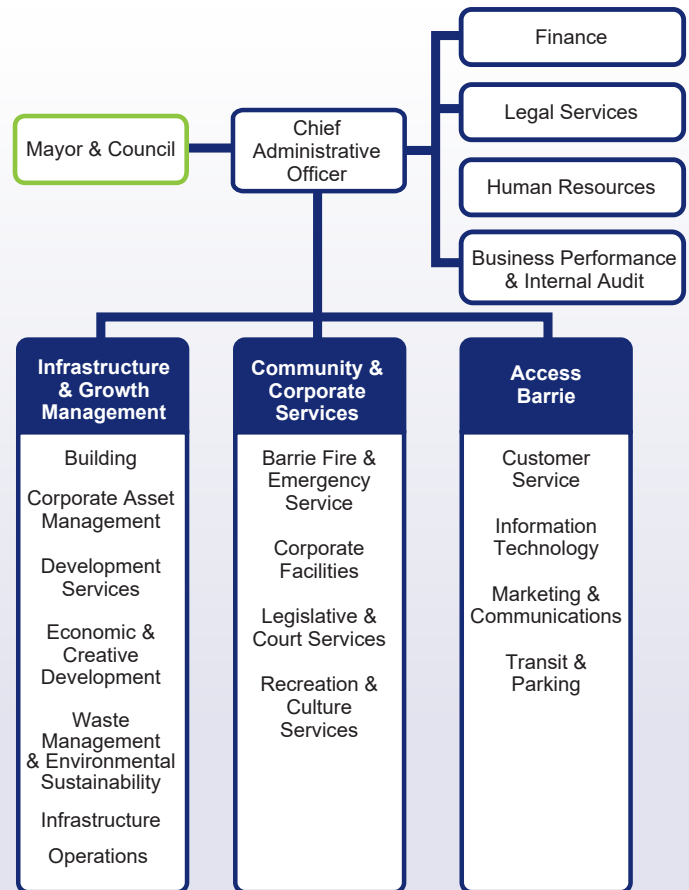


Organizational Structure

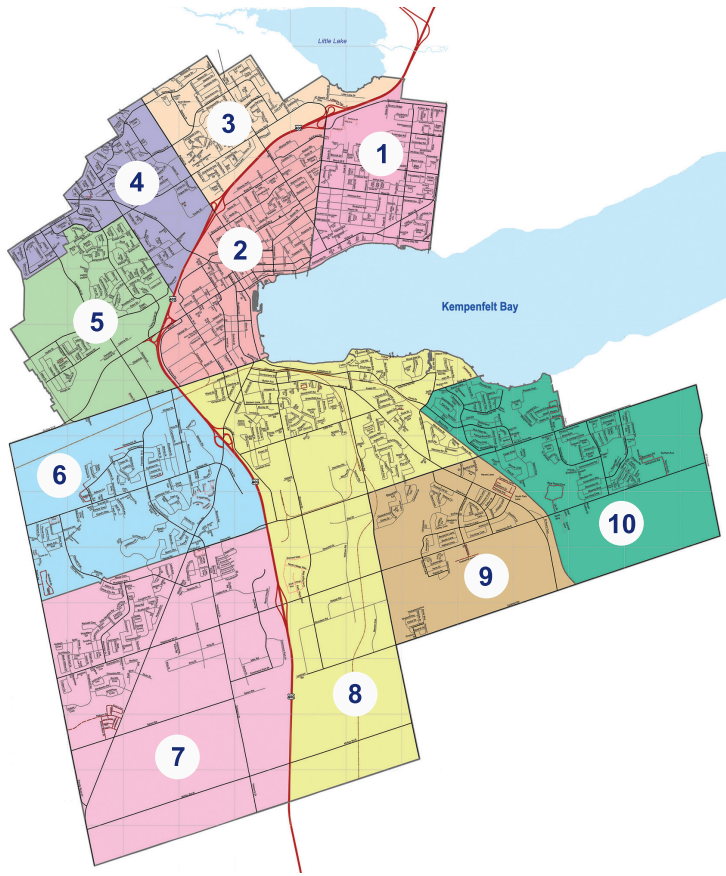
The Executive Management Team is comprised of the Chief Administrative Officer, General Managers of Infrastructure & Growth Management and Community & Corporate Services, Executive Director of Access Barrie, Chief Financial Officer and the Director of Legal Services.

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 2024 Business Plan outlines how the City plans to allocate resources to deliver the programs and services residents and businesses rely on every day. 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

- The **City's operating budget (tax-rate)** is for ongoing programs and services that are delivered by the city and funded primarily through a combination of property taxes, user fees and reserves and can be delivered by the City of Barrie (e.g. parks).
- The **Service Partners operating budget** is for services delivered by the City's partners such as Simcoe County, Police Service Board, and the Library Board, but funded primarily by property taxes.
- **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 three user-rate-based operating budgets: water, wastewater and parking.
- The **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.

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 separated the increases between City Operations, Service Partners, and Infrastructure Investment Funding (IIF). The recommended operating budget includes a 1.06% increase related to City Operations, and a 2.00% increase for IIF. Service Partner budgets are not final at this time and will be presented separately in January of 2024.

A “building block” approach has been used when considering the costs of maintaining City operations, new investment and service recommendations, and debt management. The recommended operating budget will require a 1.06% tax rate increase for City Services. This will result in an increase of \$50.01 to the property tax bill for a typical home, not including any increases related to Service Partners or the Infrastructure Investment Funding. The following summarizes the recommended Business Plan and Budget for City Services.

Description	Tax Levy Increase/(Decrease)	Tax Rate Impact
Maintain service levels for City operations	\$ 9,240,965	2.88%
Increase Operational Subsidy (Reserve Draws)	\$ (546,482)	-0.17%
Debt Management	\$ (1,122,146)	-0.35%
Reserve Contributions (excluding *IIF, *CoS)	\$ 887,343	0.28%
New Investment & Service Recommendations	\$ 925,333	0.29%
Assessment Growth	\$ (6,000,000)	-1.87%
City Operations	\$ 3,384,113	1.06%

*IIF = Infrastructure Investment Funding, CoS = County of Simcoe

The following are major drivers of the tax rate increase:

- The net cost to maintain City services increased by \$9.2 million resulting in a 2.88% increase to the tax levy. Contracted Services are a significant contributor to the increase with an additional \$5.3 million related to contract increases for Waste Collection, Transit, and Stormwater costs. Labour costs account for \$5.0 million, of which \$1.8 million relates to the 20 additional Firefighters that were pre-approved for 2024 as part of the 2023 Business Plan. Offsetting some of these cost increases are higher revenues for user fees related to Development Services and Recreation totaling \$1.4 million, as well as higher expected investment revenue of \$2.1 million.
- Ongoing reserve draws continue to subsidize a portion of City Operations, reducing the required tax levy. In the 2024 budget, this has increased by \$546 thousand to a total draw of \$4.9 million. This is being fully funded by the Reinvestment Reserve because previous subsidies, as well as the one-time funding to offset inflationary impacts in the 2023 budget, have fully depleted the Tax Rate Stabilization Reserve.
- Debt Servicing costs related to the tax levy are decreasing as staff continue to strategically manage debt issuances to limit tax rate impacts during this period of rising interest rates.
- Reserve contributions increased by \$887 thousand, mainly due to increases to the Fleet Capital, WSIB, and Legal Contingency reserves.
- New investments and service recommendations amount to \$925 thousand and propose 17 additional permanent positions, as well as 9.6 full-time equivalent temporary positions.
- Anticipated assessment growth will offset the required tax levy increase by \$6 million.

The proposed user rate budget for water will require an annualized 3.97% rate increase resulting in an increase of \$15.42 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 4.94% rate increase resulting in an increase of \$27.61 to the wastewater bill for a typical home, which is aligned with the approved Water and Wastewater Financial Plan.

Infrastructure Investment Funding (IIF)

The IIF is used for renewal and replacement of existing infrastructure. The City of Barrie owns approximately \$8 billion in infrastructure such as roads, sidewalks, buildings and equipment, based on replacement costs. Current funding levels to maintain this infrastructure need to be increased. Council committed to a 2% levy in 2024 and 2025 for the IIF, or \$94.36 to the property tax bill for a typical home. One percent of the tax levy increase will be used to fund stormwater capital investments, and the other 1% will be used for all other tax funded assets such as roads, sidewalks, and facilities.

2022 – 2026 Barrie City Council Strategic Plan

When Council took office in 2022, a list of five priorities were developed that guide the strategic direction for the City over the next four years. These priorities reflect key issues Councillors heard from residents including affordable and attainable housing, community safety, thriving community, infrastructure and roads and responsible governance. The key performance indicators (KPIs) for each priority will be reviewed and reported to Council each year as part of the Budget and Business Plan. To view the overall progress towards the below priorities, visit barrie.ca/StrategicPlan.



Affordable Place to Live

- Encourage a range of housing options to make housing attainable
- Open for business environment to help encourage job creation
- Develop and attract talent to support our employers



Community Safety

- Support neighborhood safety and crime prevention
- Address speeding and aggressive driving to ensure street and pedestrian safety
- Work with our partners to implement community safety and well-being plan
- Support community-based policing initiatives



Thriving Community

- Champion equity, diversity, and inclusion
- Create and foster programs and opportunities to support community wellness
- Foster growth in arts and culture
- Expand and maximize access to parks and recreation opportunities
- Continue to support a vibrant downtown



Infrastructure Investments

- Make it easier to move around the city
- Fix roads that need attention
- Update and improve infrastructure
- Support active transportation and pedestrian connections
- Implement climate action plans



Responsible Governance

- Support the services our community needs while keeping tax increases low
- Maintain focus on city core services
- Financial stewardship which includes finding efficiencies and innovation
- Advocating to other levels of government for support
- Ensure accountability and transparency

CAPITAL PLAN

In order to deliver more than 60 municipal services, the City of Barrie owns and operates assets like roads, sidewalks, sewer and water systems, waste management facilities, buses, libraries, recreation facilities and more. In total, it would cost approximately \$8 billion to replace the assets owned by the City. To continue providing the services our community relies on, the City must maintain, renew, and replace these assets as they age, while also continuing to build the new and expanded infrastructure needed to support population growth.

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. This trend continues throughout the 10 years of the Capital Plan. In general, 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. Because there are more needs than there are resources available, the City must make choices about what to include in the capital plan, and must always consider the balance between service levels, affordability and risk. The City uses a risk-based approach to capital planning to prioritize and balance the community’s needs within the bounds of the City’s financial capacity. Decisions about which projects to include in the capital plan are based on overall criticality of each project, the City’s financial condition and staff resources available to complete the work.

The following is a high-level overview of previously approved and new requests associated with the 2024 to 2028 Capital Plan:

2024 - 2028 Capital Budget	2024	2025	2026	2027	2028	Grand Total
Carryforward & Previously Approved*	\$ 310,857,212	\$ 90,835,449	\$ 25,280,231	\$ 10,879,940	\$ -	\$ 437,852,832
New Capital Requests	\$ 41,044,087	\$ 78,297,679	\$ 71,209,267	\$ 37,372,621	\$ 24,889,282	\$ 252,812,937
New Investment and Service Recommendations (for Operating Budget requests)	\$ 224,000					\$ 224,000
Total 2024 Capital Budget	\$ 352,125,299	\$ 169,133,128	\$ 96,489,498	\$ 48,252,561	\$ 24,889,282	\$ 690,889,768
Forecast	\$ -	\$ 125,850,219	\$ 185,097,489	\$ 218,460,162	\$ 270,306,601	\$ 799,714,471
Grand Total 2024 - 2028 Capital Budget	\$ 352,125,299	\$ 294,983,347	\$ 281,586,987	\$ 266,712,723	\$ 295,195,883	\$ 1,490,604,239

*The \$310,857,212 total for 2024 consists of an estimated carryforward of \$168.8 million and \$142.1 million of previously approved requests.

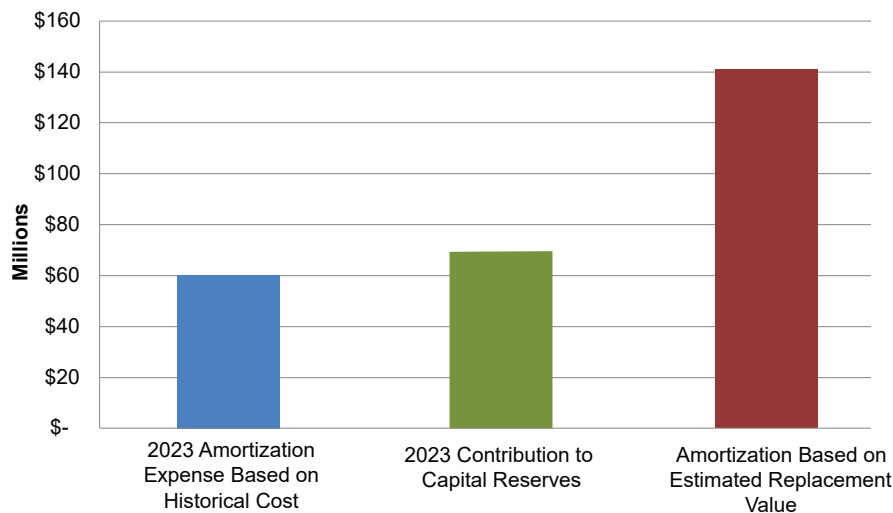


Some of the key projects included in 2024 are listed below:

Capital Plan Key Projects	2024 Phase
Wastewater Treatment Facility upgrades	Study/Pre-Design/Design Construction
Fire Station 6	“Property Construction”
Neighbourhood Renewal Project (NRP) – HNS Wellington D1 Neighbourhood Reconstruction	Construction
Bryne Drive South New Road Construction – Harvie to North of Caplan	Construction
Pavement Management Program	Construction
Operations Centre Master Plan – Implementation	Construction
Allandale and Downtown Transit Mobility Hubs	Construction
Duckworth Street – Bell Farm to St. Vincent	Construction
Hewitt’s Community Centre New Building Development	Property
Bayview Drive New Transmission Watermain & Road Expansion – Little Avenue to Big Bay Point Road	Construction
Sophia Creek Storm System Upgrades	Design/Utilities/Construction

The transfer to the tax, water, wastewater, and parking capital reserves in 2023 was \$70.3 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 non-growth existing infrastructure yields an annual amount of \$142.3 million, resulting in an annual shortfall of over \$72 million.

Annual Infrastructure Gap



While the 2024 capital plan reflects the output of a prioritization process and the most critical needs facing the City, it does not represent a comprehensive list of the City’s capital needs. Many projects have been excluded or have been deferred from the plan because of financial constraints and associated resource limitations. To address these needs, continued investments into the City’s reserves are required.