

INFRASTRUCTURE INVESTMENT FUNDING

The City’s proposed Tax supported budget includes a \$6.4 million Infrastructure Investment Funding (IIF) contribution. The name of this funding was changed in 2023, it was previously referred to as the Dedicated Infrastructure Renewal Funding (DIRF). This represents a 2% tax rate increase and is a \$310 thousand increase over the IIF levy included in the 2023 budget.

The original Infrastructure Investment Funding portion of the annual tax capital reserve contribution was approved by the Council starting in the 2015 budget year to address the significant backlog of infrastructure renewal work. At that time Council’s direction prescribed an annual increase to the reserve contribution equivalent to a 1% property tax increase for the typical residential taxpayer.

However, as part of last year’s budget approval, Council increased the IIF levy to 2% for the years 2023 through 2025 which resulted in a \$3.05 million contribution increase in 2023. Council directed staff to use the additional 1% levy to fund stormwater capital infrastructure renewal work which resulted in the establishment of the new Tax Funded Stormwater Capital Reserve.

The City of Barrie owns approximately \$2 billion in tax-supported infrastructure such as roads, sidewalks, stormwater, buildings, and equipment based on historical costs. The current dollar value of this tax-supported infrastructure is considerably higher, at approximately \$3.5 billion in replacement costs. The City’s annual requirements for repairing and rehabilitating aging tax-supported infrastructure are considerably higher than current funding levels resulting in a significant backlog in infrastructure renewal. The condition of infrastructure has a direct impact on service levels as well as the reputation of the City.

The following chart shows the estimated amortization expenses for tax-supported infrastructure in 2023 based on historical costs for the City of \$40.5 million. The transfer to the capital reserve in 2023 of \$42.3 million was just slightly higher than the amortization expense. However, amortization expense is based on historical values which are significantly lower than current replacement costs. Using an average inflationary rate based on the Consumer Price Index, the replacement value of the tax supported non-growth existing infrastructure yields an annual amount of \$89 million, resulting in an annual shortfall of over \$46.7 million.

Tax Rate Supported Annual Infrastructure Gap

