

INFRASTRUCTURE INVESTMENT FUNDING

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

The Infrastructure Investment Funding portion of the annual tax capital reserve contribution was first approved in the 2015 budget 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% tax increase for the typical residential taxpayer.

However, as part of the approval of the 2023 budget, Council increased the IIF levy increase to 2% for the years 2024 and 2025. This year, as part of his Strong Mayor’s Budget, Mayor Nuttall recommended that the 2% increase for the IIF contribution be continued for the 2026 Budget as well. Council directed staff to use the additional 1% of the levy increase to fund stormwater capital infrastructure renewal work which resulted in the establishment of the Tax Funded Stormwater Capital Reserve.

Based on historical costs, the City of Barrie owns approximately \$2 billion in tax-supported infrastructure such as roads, sidewalks, stormwater, buildings, and equipment. However, the current dollar value of this tax-supported infrastructure is considerably higher, at approximately \$6 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 amortization expense based on historical cost for tax-supported infrastructure in 2024 was \$46 million. The transfer to the capital reserve in 2024 of \$48.8 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 the replacement costs developed as part of the recent Asset Management Planning (AMP) work completed by staff, the replacement value of the tax supported non-growth existing infrastructure yields an annual amount of \$109 million, resulting in an annual shortfall of over \$60.7 million.

Tax Rate Supported Annual Infrastructure Gap

