

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 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. 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. In last year’s Strong Mayor’s Budget, Mayor Nuttall directed staff to continue the stormwater contribution for one additional year.

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 replacement cost of this tax-supported infrastructure is considerably higher, at approximately \$6 billion. 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.

In 2025, the amortization expense based on historical cost for tax-supported infrastructure was \$48 million. The planned transfer to the capital reserves for 2026 is \$55.4 million, which is slightly higher than this year’s 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 estimated annual amortization based on replacement value is \$121 million, resulting in an annual shortfall of over \$65.6 million.

