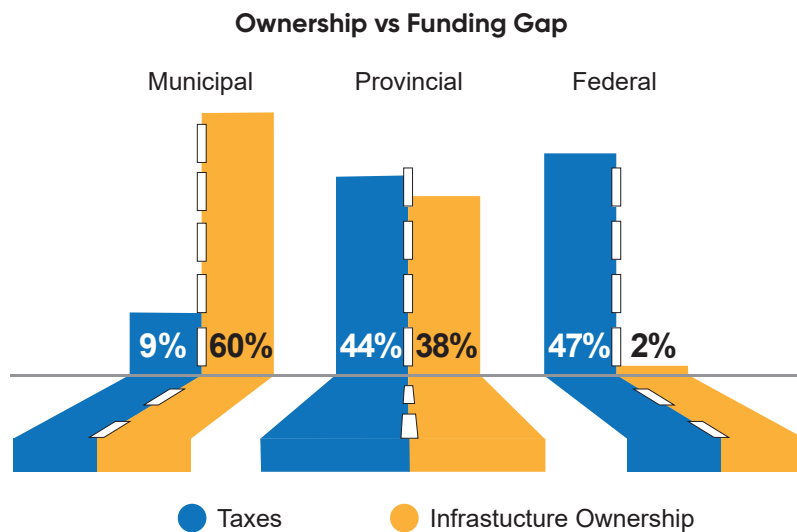


BUDGET AND FINANCIAL OVERVIEW

Property Tax Bill

According to Statistics Canada, National Economic Accounts Division and the Association of Municipalities Ontario, municipalities receive a very small portion of total taxes paid by an individual in Canada, when sales taxes, income taxes, property tax, etc. are taken in to account. For example, Ontario municipalities receive only 9 cents of every tax dollar raised in Canada, while the Provincial and Federal governments receive 44 cents and 47 cents respectively. In contrast to this, municipalities own 60% of the capital infrastructure, while the Provincial Government owns 38% of Infrastructure and the Federal Government only 2%.



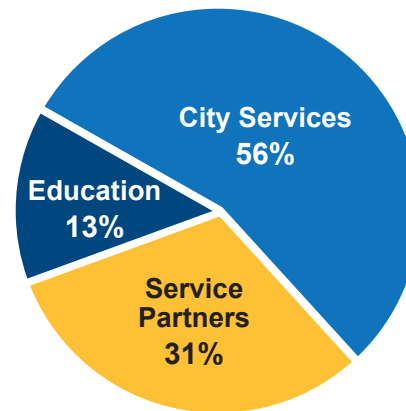
Allocation of Property Tax Bill – City Programs, Service Partners and Education

To help taxpayers understand what the City Business Plan and Budget will mean to their total property tax bill, impacts are presented as a change to the total tax bill. This also makes comparisons to other municipalities easier, as some municipalities like Barrie, are separated cities and single tier, while others are two tier — focusing on the total tax bill provides for apples to apples comparisons.

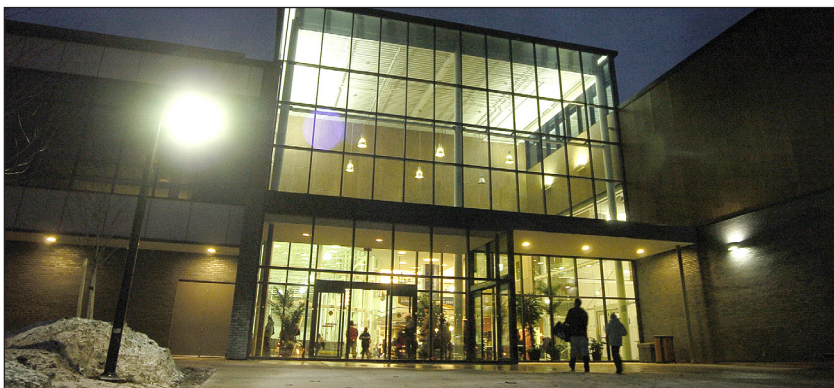
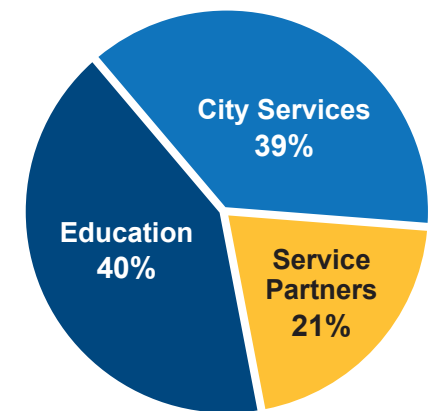
In 2020, for a typical home assessed at \$351,368, the proposed residential property tax bill increase of \$146 annually (to \$4,288) will fund the following programs: City Services \$2,420 (56%), Education \$541 (13%), and Service Partners \$1,327 (31%). The education portion is determined by the Province of Ontario and for 2020 it is assumed there will be no change to the rate.

The typical commercial property owner contributes 40% of their tax dollar to education compared to a 13% contribution from residential. Commercial properties contribute proportionately less of their total tax payment to support municipal services. An industrial property tax bill has the same breakdown as a commercial property tax bill.

Residential Property Tax Bill



Commercial Property Tax Bill



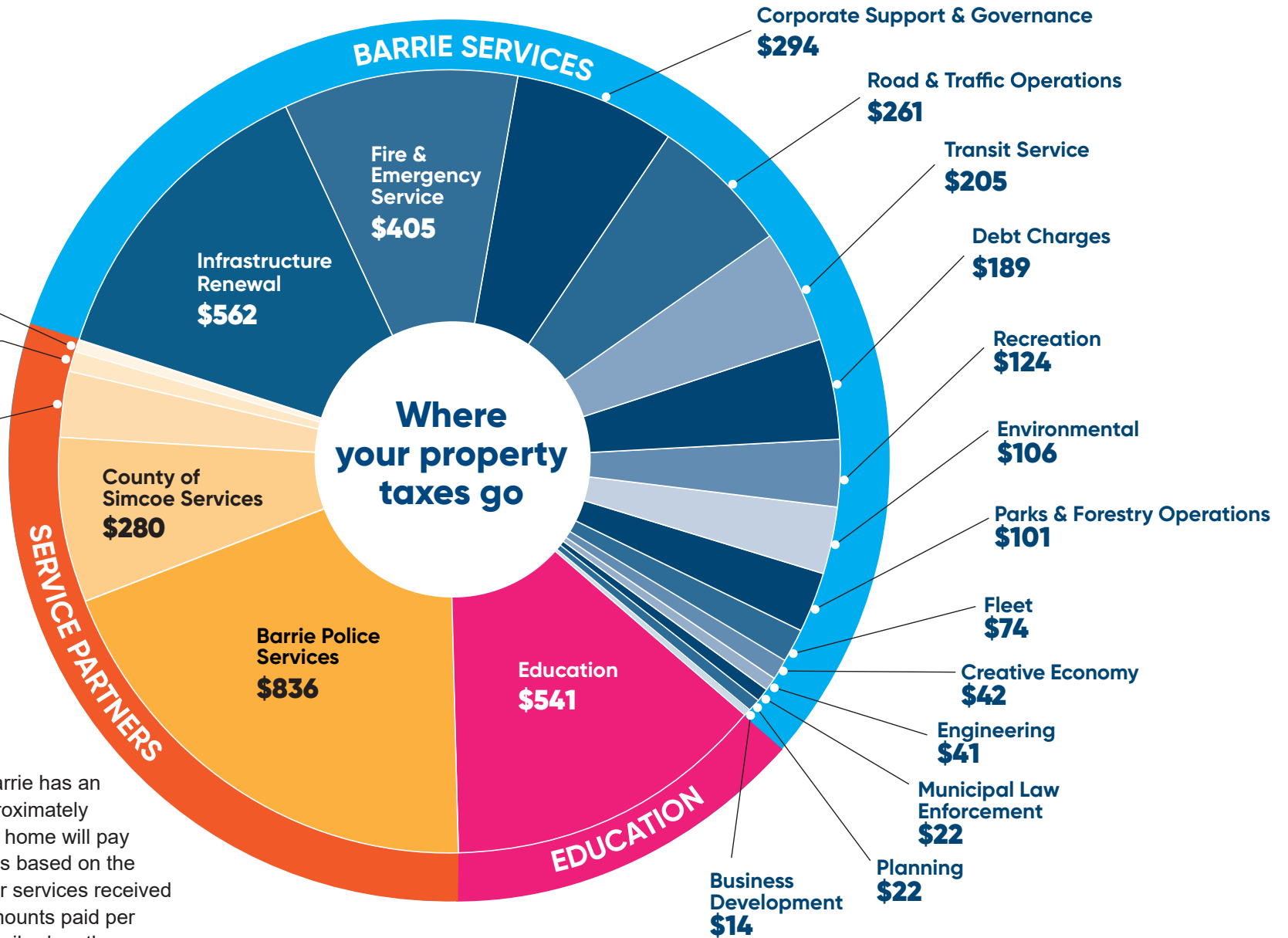
How Your Property Tax Dollars are Spent

Every day the residents and businesses of Barrie use city services and see their tax dollars at work. In a typical day most residents will use or witness most city services in action - they will use clean water from their taps; use wastewater services by flushing toilets or draining showers; place garbage and recycling in containers for future pickup; walk on a sidewalk; drive in a car or ride a City of Barrie bus, on a road which has stoplights, signage and street lighting. They may walk through a park, take a class at a community centre, or

borrow a book from the library. They will likely see a fire truck, a police car or an ambulance pass by, knowing these services are available 24 hours a day, 7 days a week, should they need them. The City of Barrie delivers many of these valued and essential services. The County provides ambulance, homes for the aged, and social services. Barrie children attend elementary and high schools funded by the education portion of the property tax bill. The cost to a typical home for all of these services is estimated at \$4,288.



Where your property taxes go



Where Your Property Taxes Go

The typical house in Barrie has an assessed value of approximately \$351,368. In 2020, this home will pay \$4,288 in property taxes based on the proposed budget. Major services received and the total annual amounts paid per home for each are described on the following pages.

City Services



Fire & Emergency Services - \$405

- Barrie Fire and Emergency Services (BFES) provides all hazards emergency service within a diverse urban centre.
- Provide Fire, Emergency Medical Services, and Hazardous Material Response including Specialized and Technical Rescue services.
- Respond to over 9,000 calls for service while achieving a travel time under 6 minutes 90% of the time.
- Comprehensive Public Education, Fire Safety and Code Enforcement programs focused on reducing our community risk.



Roads & Traffic Operations - \$261

- Snow removal and maintenance of 1,575 lane kilometres of roads, 698 kilometres of sidewalks and 22 bridges
- Maintenance of:
 - 149 kilometres of ditches
 - 677 kilometres of storm sewers
 - 106 kilometres of watercourses, 20.4 kilometres of culverts, and 94 detention ponds
 - 536 kilometres of wastewater collection sewers
 - 37 kilometres of Barrie Collingwood Railway
- Power supplied to 11,700 street lights and 246 traffic signals.
- Respond to more than 8,900 services requests annually.



Transit - \$205

- 3.5 million conventional and 53,000 specialized transit trips annually.
- 199,000 transit vehicle in-service hours with 30-minute frequencies during peak periods and extended service hours to increase GO train connections.



Recreation - \$124

- 4 community centres, 8 sport and recreation centres, 2 seniors' centres.
- 3 gyms, 3 main pools, 3 tot pools, 11 volleyball courts.
- 33 baseball diamonds, 54 soccer pitches, 1 football and 1 rugby field.
- 8 arena ice pads, 32 community run and 4 City run outdoor natural ice rinks, 2 artificial outdoor rinks, 33 tennis courts, 3 outdoor pickle ball courts, 2 guarded beaches.
- More than 2.3 million participant visits at 3 multi-use community centres.





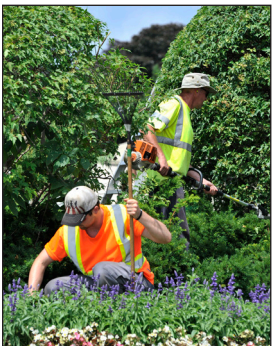
Environmental Operations - \$106

- Over 40,000 single family residences receive bi-weekly garbage collection, weekly organics collection, weekly blue and grey box collection, 34 weeks of yard waste collection curbside, and annual curbside collection of household batteries.
- Approximately 13,000 multi residential units receive weekly or bi-weekly garbage collection, weekly blue and grey box collection and weekly organics collection.
- Public Access to the City landfill 5 days per week, Tuesday to Saturday (9am to 4pm); and
- Hazardous household waste drop-off at no charge on Saturdays



Parks & Forestry - \$101

- Care of 35,000 street trees, 6,900 trees in parks and over 2,100 acres of City owned natural areas.
- Management of 90 acres of waterfront parkland and public spaces including Meridian Place.
- 129 parks totaling 816 acres in area, 2,450 acres of natural areas, 49 Gores, and 42 acres of boulevards.
- Inspection and maintenance of 146 kilometres of public trails (including bridges, boardwalks, hard and natural surfaces).
- Inspection and maintenance of equipment and play areas at 120 playgrounds and 2 spray pads.
- Maintenance of 452 planting beds (shrubs, perennials and annuals) and 183 planters (concrete or reservoir).



Service Partners



Police Services – \$836

- The Barrie Police Service has been in existence since 1853 and is proud to have the distinction of being the second oldest active police service in the Province of Ontario.
- Team of 241 police officers, 115 civilians and 30 auxiliary officers, who together provide professional, accountable and sustainable police services to our 150,000 residents
- The Service continues to work pro-actively alongside our community partners to ensure our services truly reflect the needs of the municipality as we respond to 65,000 calls for service per year.



County of Simcoe –\$280

- Paramedic Services provide land ambulance services at a Primary Care Paramedic (PCP) and Advanced Care Paramedic (ACP) level of service with legislated response time requirements. Training programs, public education Public Access Defibrillator programs and Community Paramedicine services are also offered.



- Long Term Care and Seniors Services provides residents with effective, high quality, safe, and efficient long term care and seniors services in home-like settings. Manages four Long Term Care Homes and a broad range of seniors housing and services to support over 1,000 seniors across the region.

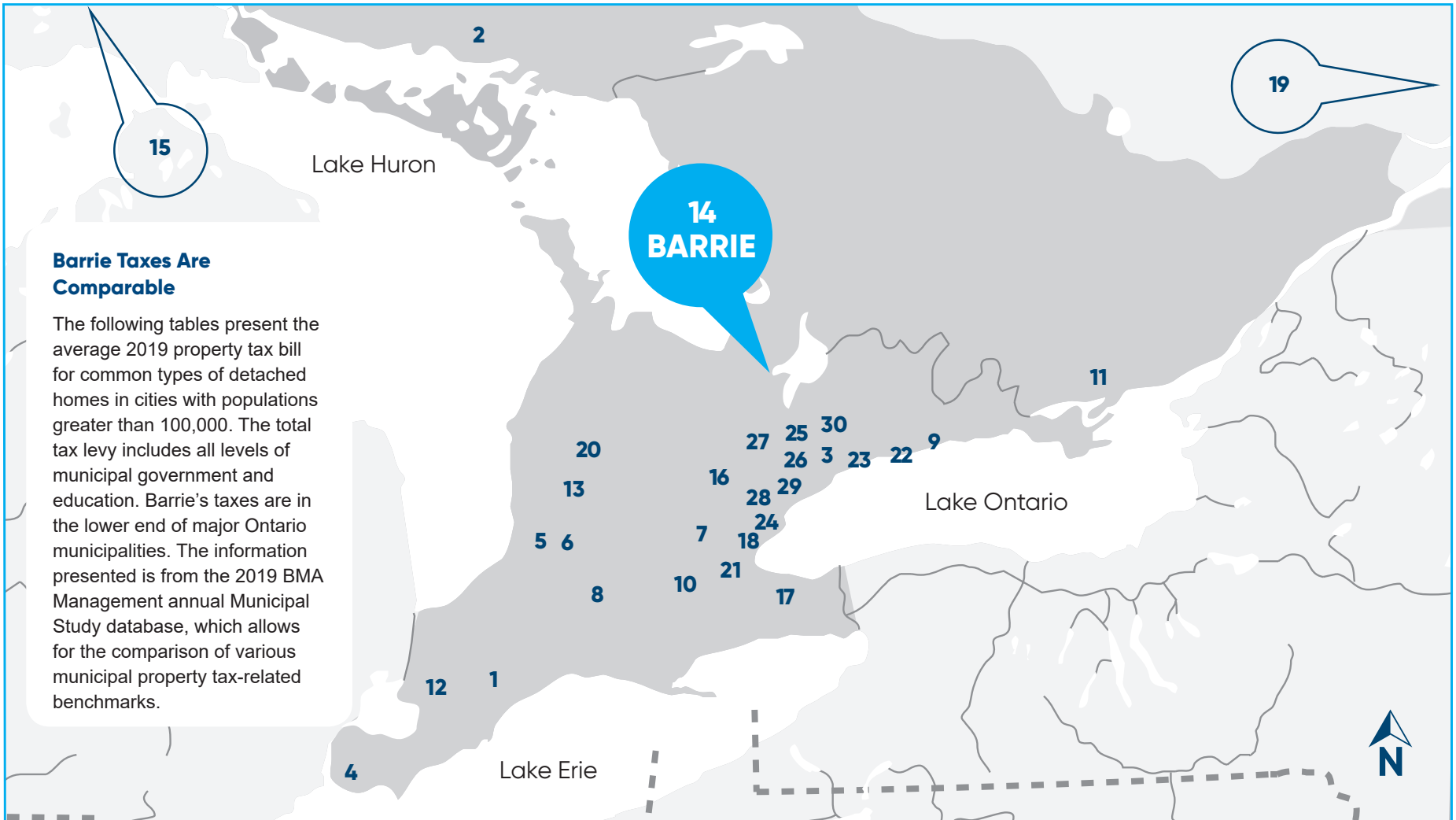


- Ontario Works provides both financial and employment supports to those in need. Financial benefit under this program include income support, temporary care, drug benefits, medical benefits and funds for employment related expenses. Discretionary benefits under this program include emergency dental assistance for adults, funeral coverage, and assistance with health related items for those in receipt of social assistance. Ontario Works also provides services to non-social assistance recipients which includes emergency dental and housing retention benefits.
- Children's Services provides planning, funding, and management of the local Licensed Child Care and Early Years System which comprises a number of mandated programs including Licensed Child Care Fee Subsidy. Through over 200 contracts with local service providers, funding is allocated to agencies delivering special needs resourcing for preschool children, and to child care operators to assist with improved staff compensation, repairs and maintenance, general operating costs, and child care affordability.
- Community Services is responsible for planning, funding, and managing local homelessness prevention service delivery, poverty reduction initiatives, and shelter retention programs.
- Social Housing Department has two distinct areas of responsibility. The first area includes the administration of non-profit housing, whereby subsidies are issued to non-profit providers ensuring compliance with the Housing Services Act as well as implementing joint federal and provincial affordable housing programs. The second area is the direct management of County owned public housing.



Libraries - \$126

- 2 library locations.
- 6,600 annual service hours.
- 3.6 million annual library engagements, 1.7 million electronic library engagements.
- 615,000 annual library visits
- 40,000 active borrowers
- 36,000 annual program attendance



Barrie Taxes Are Comparable

The following tables present the average 2019 property tax bill for common types of detached homes in cities with populations greater than 100,000. The total tax levy includes all levels of municipal government and education. Barrie's taxes are in the lower end of major Ontario municipalities. The information presented is from the 2019 BMA Management annual Municipal Study database, which allows for the comparison of various municipal property tax-related benchmarks.

MUNICIPALITY	DETACHED BUNGALOW
1 Chatham-Kent	\$3,152
2 Greater Sudbury	\$3,240
3 Toronto (East)	\$3,270
4 Windsor	\$3,295
5 Waterloo	\$3,436
6 Kitchener	\$3,518
7 Milton	\$3,560
8 Cambridge	\$3,573

MUNICIPALITY	DETACHED BUNGALOW
9 Clarington	\$3,583
10 Brantford	\$3,652
11 Kingston	\$3,667
12 London	\$3,673
13 Guelph	\$3,734
14 BARRIE	\$3,789
15 Thunder Bay	\$3,818
16 Toronto (West)	\$3,843

MUNICIPALITY	DETACHED BUNGALOW
17 St. Catherines	\$3,895
18 Burlington	\$3,970
19 Ottawa	\$4,166
20 Brampton	\$4,247
21 Hamilton	\$4,248
22 Oshawa	\$4,581
23 Whitby	\$4,620

MUNICIPALITY	DETACHED BUNGALOW
24 Oakville	\$4,620
25 Richmond Hill	\$4,670
26 Toronto (North)	\$4,707
27 Vaughan	\$4,747
28 Mississauga	\$4,813
29 Toronto (South)	\$5,611
30 Markham	\$6,303

OVERVIEW OF TAX SUPPORTED OPERATING BUDGET

Impact of Tax Supported Operating Budget

The City faces many pressures in developing a fiscally responsible budget. To understand how these various pressures impact the recommended business plan and budget for Council’s consideration, City staff have used a “building block” approach considering the costs in the following categories:

- Maintain service levels for current City operations
- Debt Management
- Realized Assessment Growth
- New investment and service recommendations
- Service partner budget requests
- Dedicated Infrastructure Renewal Fund



2020 has introduced new challenges resulting from the Provincial budget. In addition, a new growth strategy targeting operating costs has been introduced. This is designed to smooth the cost of growth to taxpayers over several years.

The annual Tax supported operating budget reflects the cost associated with delivering dozens of services to the community. The proposed 2020 tax funded operating budget will require a tax rate increase of 3.52% (\$146) for a typical household.

The following table outlines the major contributors to the proposed 2020 tax rate increase:

Descriptions	Tax Levy Increase/(Decrease)	Tax Rate Impact
Maintain service levels for current City operations	\$ 5,182,839	2.11%
Debt Management	\$ 1,179,911	0.47%
Growth Strategy	\$ (2,000,000)	-0.80%
Realized Assessment Growth		-1.60%
Investment & Service Recommendations	\$ 1,648,692	0.66%
Service Partners	\$ 2,586,163	1.03%
CITY & SERVICE PARTNER OPERATIONS	\$ 8,597,605	1.87%
Dedicated Infrastructure Renewal Fund	\$ 2,505,003	1.00%
Provincial Budget Impact	\$ 1,621,000	0.65%
TOTAL	\$ 12,723,608	3.52%

Maintain Service Levels for Current City Operations

The City's cost to maintain service levels increases every year due to inflation. Prices may increase for hydro, gas and diesel as well as other materials and supplies which are significant components of the budget. The City's labour costs are impacted by negotiated labour agreements. Prior year investments and service level changes can also have an impact on the costs of maintaining existing service levels. In an effort to mitigate increasing costs, staff conduct comprehensive reviews of historical operations and trends across key spending lines (e.g. contracted services) while also looking for opportunities to realize efficiencies and process improvements.

Revenue changes also impact the net cost to deliver existing services and opportunities for new, non-tax revenue sources such as the Municipal Accommodation Tax in 2019 are examined whenever possible.

The net cost to maintain current services levels in 2020, including the annualized cost of implementing decisions from prior years, is \$5.2 million. Year-over-year changes to budgets for both expenditures and revenues contribute to the net increase in costs. Some of the more significant changes are described in the sections below.

Labour

The City is party to various collective agreements negotiated with its unionized workforce and manages compensation for its non-unionized staff on an annual basis. Agreements with the two major unions, the Canadian Union of Public Employees (CUPE) and the Barrie Professional Fire Fighters Association (BPFPA) are in place for the 2020 budget year. Budgeted labour costs have been calculated to reflect the obligations set out in the collective agreements consisting of a 1.8% increase for CUPE and non-union, and a 1% increase in January followed by a second 1% increase in July for BPFPA. A summary of the increases is shown in the following table:

	2019 Compensation Budget	2020 Compensation Budget	Change	Change %
Salaries	\$ 82,339,592	\$ 84,443,905	\$ 2,104,313	2.56%
Benefits	\$ 19,972,048	\$ 20,833,745	\$ 861,661	4.31%
Honouraria	\$ 509,079	\$ 516,870	\$ 7,791	1.53%
Capital Recoveries	\$ -6,404,592	\$ -6,179,153	\$ 225,439	-3.52%
Salary Gapping	\$ -1,275,000	\$ -1,275,000	\$ 0	0.00%
Total Compensation	\$ 95,141,163	\$ 98,340,367	\$ 3,199,204	3.36%

Benefit costs are expected to increase by approximately \$862 thousand for 2020. This amount represents a blended increase of 2.15% to cover anticipated escalation of costs for Canada Pension Plan, Employment Insurance, Employer Health Tax, health and dental, etc. and is based on historical trending.

The provision for salary gapping has been maintained at \$1.3 million for 2020. Salary gapping is a staff management approach to achieve savings primarily through position vacancies.

A number of City departments are directly engaged in the delivery of the City's capital plan (e.g. Engineering, Facilities, Information Technology, etc.). The cost of these resources are recovered from the budgets of the related capital projects. These recoveries will decrease by \$225 thousand for 2020 to reflect anticipated project management requirements.

Barrie Simcoe Emergency Services Campus

The Emergency Services Campus will become operational in the first quarter of 2020. The cost of the facility is apportioned between Police, Paramedics, and Fire. Some overlap will be required with existing Police Head Quarters (HQ) and Satellite Facility #1 resulting in a tax impact of \$460 thousand in year one and decreasing in year 2 when the previous Police HQ and Satellite Facility #1 are decommissioned.

Repairs & Maintenance

The repairs and maintenance budget for fleet operations has been increased for 2020 based on historical results. This has resulted in a \$457 thousand increase to the fleet repairs and maintenance budget. The increase has been mitigated by holding the tax funded contribution to the fleet renewal reserve at 2019 levels for the 2020 budget year.

Traffic system and streetlight repairs and maintenance budgets were also rebased for 2020 based on historical data for pole knock-downs, conduit damage, etc. The increase to these budgets for 2020 amounts to \$248 thousand.

The budget for road surface maintenance was increased by \$110 thousand in response to increased deterioration of road assets and the associated need for asphalt repairs.

Fuel

The City has an extensive fleet of vehicles used in the provision of City services such as transit, snow removal, parks and road maintenance, etc. Fuel costs are expected to increase by \$235 thousand for 2020 based on an estimated price of \$1.14 per litre and consumption trends.

Winter Control

The budget for salt and sand for winter control will increase by \$330 thousand in 2020. Barrie experienced more than 100 winter events in the last year and climate change is expected to drive an increase in severe freeze/thaw cycles which require more salt and sand to keep road surfaces safe. The City is part of a co-operative for sand and salt purchases to keep costs as low as possible. Despite this mitigating factor, price increases of more than 3% and usage are driving the need for an increase to budget.

Contracted Services

Many of the services provided by the City require multi-year contracts with external businesses. While an adjustment for inflation is common; there are other adjustments that can be equally or more costly (e.g. additional service hours for transit). While there are many contracts contributing to the overall increase, some of the more significant changes are listed in the table below:

Contract Type	2020 Budget Increase/(Decrease)
Transit	\$ 226,000
Security	\$ 129,000
Roadside Maintenance	\$ (102,000)
Rail Operations	\$ (122,000)

The City's maintains a P3 agreement with MVT Canada for the provision of transit services with annual inflationary increases pegged to CPI. In prior years, the Essa/Borden Regional Transit Route was also provided under this agreement on a full cost recovery basis with Essa Township. The Essa/Borden route will be discontinued in 2020. The cost for the transit agreement is expected to increase by \$226 thousand after taking in to account the discontinued route.

The budget for security at City facilities has been increased by \$129 thousand for 2020. The increase is primarily in response to increased incidents at various City facilities.

In the Roads, Parks, and Fleet Department; the budget for roadside maintenance has been decreased by \$102 thousand for 2020 based on historical trending while the cost for the rail operations contract was decreased by \$122 thousand in anticipation of car storage revenues.

Investment Income

Beginning in 2020, the City will be able to apply the prudent investor standard to its investment activities. This will allow the City to enjoy improved returns on invested funds at a similar level of risk. 2020 Investment income is projected to increase by \$707 thousand for 2020; \$224 thousand of this amount will be applied to reserve funds as required by legislation with the remaining \$483 thousand benefitting the tax supported operating budget.



User Fees, Service Charges, Passes, Memberships

Revenue from user fees, service charges, passes, and memberships has been decreased by \$552 thousand for 2020. The City relies on a diverse set of non-tax revenue sources administered by various departments across the organization to support municipal operations. The 2020 budget reflects several year-over-year changes, however, the most significant changes are found in the Planning, Recreation, and Transit Departments.

Forecasted revenues in the Planning department have been adversely impacted by temporary delays in growth. Anticipated revenue from site plan applications, subdivision and condo fees, and rezoning and OP fees have all been reduced year-over-year for a total reduction of \$1.1 million. Where possible, related expenditures have been decreased to mitigate the reduction in budgeted revenue for a net impact of \$845 thousand.

Recreation expects to realize a \$450 thousand increase in revenue attributable to incremental growth in the volume of memberships, registrations, rental bookings, and special events. Offsetting increased revenue is an expansion of the RecACCESS program benefitting low-income families at a cost of \$150 thousand for a net increase in budgeted revenues of \$300 thousand.

Transit is forecasting a \$150 thousand increase in revenue with the primary contributor being increased pass sales and the launch of the U-Pass program.



Reserve Contributions

The City maintains reserves and reserve funds for various purposes; most notably, to provide a funding source for infrastructure needs. The City's operating budget also includes contributions to various tax funded non-capital reserves. Reserve management costs will increase by \$141 thousand in 2020 as described below:

- Tax Capital Reserve contributions (excluding the Dedicated Infrastructure Renewal Fund component) have been increased by \$213 thousand for 2020. Council provided direction (motion 19-G-190) to increase the reserve contribution by \$110 thousand in the 2020 budget for the purpose of accommodating active transportation initiatives. The remaining increase is from non-tax sources including Five Points sponsorship and 20% of the Barrie Hydro Holdings Dividend.
- Landfill Post Closure Reserve contribution has been increased by 10% to \$552 thousand in accordance with the City's Financial Policies.
- WSIB Reserve contribution has been increased by \$50 thousand in response to the ongoing financial pressure presented by the Supporting Ontario's First Responders Act for issues such as presumptive cancer and PTSD.
- The \$113 thousand tax funded contribution to the Tourism Reserve has been eliminated for 2020 as sufficient funds are expected to be generated by the Municipal Accommodation Tax to sustain the reserve on an ongoing basis.



Debt Management

The 2020 debenture program amounts to approximately \$11.3 million. Total debt servicing costs are expected to increase by \$1 million and be funded by tax.

A full list of projects included in the planned 2020 debenture is presented in the debt section.

Growth Strategy

Contributions from reserves are used in several areas of the operating budget to mitigate one-time costs or as an aid to smoothing volatile expenditures. In 2020, staff are recommending draws totaling \$2 million from reserves; \$1 million from the Tax Rate Stabilization Reserve (TRSR) and \$1 million from the Community Benefit Reserve (CBR), to smooth the impact growth is having on services. The City is in the process of preparing for rapid growth and therefore has more exposure to the associated short-term financial burdens. The basic principle is that operating costs driven by growth are incurred in advance of the collection of property taxes resulting from growth, and the delay is often a few years. The table below illustrates the proposed smoothing strategy beginning in 2020.

Growth Smoothing			
	Tax Levy	Community Benefit Reserve	Tax Rate Stabilization Reserve
2020	\$ -	\$ 1,000,000	\$ 1,000,000
2021	\$ 500,000	\$ 750,000	\$ 750,000
2022	\$ 1,000,000	\$ 500,000	\$ 500,000
2023	\$ 1,500,000	\$ 250,000	\$ 250,000
2024	\$ 2,000,000	\$ -	\$ -

Investments and Service Recommendations

This component of the Business Plan includes a number of proposed new investments and service recommendations endorsed by the Executive Management Team. These new investments are needed to ensure the City is able to deliver on Council's strategic plans and to meet the demands of growth as well as legislative requirements. Recommended investments have been categorized as either legislated or other service level changes. Legislated investments total an additional net impact of \$21 thousand to the tax levy, with other service level changes costing an additional \$1.6 million. The following table summarizes each individual new investment. Detailed business cases are found in the New Investment & Service Recommendations section of the binder.



2020 New Investments and Service Recommendations

This component of the Business Plan includes a number of proposed new investments and service recommendations endorsed by the Executive Management Team. These new investments are needed to ensure the City is able to deliver on Council's strategic plans and to meet the demands of growth as well as legislative requirements. Recommended investments have been categorized as either legislated or other service level changes. Legislated investments total an additional net impact of \$21 thousand to the tax levy, with other service level changes costing an additional \$1.6 million. The following table summarizes each individual new investment:

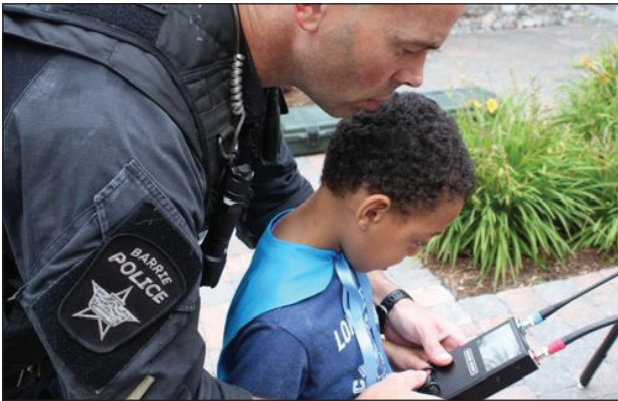
Sections	Description	Form #	FTE Permanent	FTE Casual	FTE Temp	2020 Budget		2021	2022	2023
						Operating	Capital	Operating	Operating	Operating
Legislated	Stormwater O/M Compliance Requirements	479	1			\$ 185,147	-	\$ 191,513	\$ 198,050	\$ 199,659
Legislated Total			1			\$ 185,147	-	\$ 191,513	\$ 198,050	\$ 199,659
Recovery from Capital						-	-	-	-	-
Recovery from Water Rate						\$ 163,860	-	\$ 168,634	\$ 173,538	\$ 174,744
Contribution from Reserves						-	-	-	-	-
Legislative - Net Impact on Tax						\$ 21,287	-	\$ 22,879	\$ 24,512	\$ 24,915
Other Service Level Changes	HR/PR Assistant	434			1	\$ 69,127				
	Park Lighting Replacement Program - Lighting Rehabilitation Program and LED Conversion	442				\$ 20,000	-	\$ 20,000	\$ 20,000	\$ 20,000
	Recycling Depot New Staff - Expansion Resourcing	445	2	0.7		\$ 215,142	-	\$ 211,538	\$ 214,995	\$ 218,512
	Venue Technicians - Temporary PT to Temporary FT Conversion	447			1.4	\$ 108,992	-	\$ 117,218	-	-
	Cultural Grants Program Review	448				\$ 20,000	-	-	-	-
	WwTF Maintenance Operator III - Electrical	450	1			\$ 1,200	\$ 39,498	\$ 3,384	\$ 1,942	\$ 433
	Marina and Waterfront Facilities Coordinator	452	1			\$ 2,478	\$ 2,672	\$ 1,158	\$ 2,478	\$ 1,158
	Connected Core	453				\$ 30,000	-	\$ 30,000	\$ 30,000	\$ 30,000
	Senior Project Manager - Environmental - existing Temporary extension	454			1	\$ 167,107	-	\$ 193,095	\$ 196,408	\$ 199,778
	Meridian Programming Budget	457				\$ 45,000	-	\$ 45,000	\$ 45,000	\$ 45,000
	Transit on Demand Pilot Project	460				\$ 200,000	-	\$ 206,000	\$ 212,000	\$ 218,500
	APLI Technical Support	466	1			\$ 99,028	-	\$ 106,497	\$ 114,221	\$ 116,113
	Community Bus Pilot Project	467				\$ 50,000	-	\$ 51,500	\$ 53,000	\$ 55,000
	Building Project Coordinator	469	1			\$ 87,170	-	\$ 93,711	\$ 100,434	\$ 102,085
	Communications Advisor	470	1			\$ 94,521	\$ 5,646	\$ 100,410	\$ 106,742	\$ 112,472
	Additional Staff - Winter Control & Downtown Maintenance	471	6	1.3		\$ 455,406	\$ 162,160	\$ 484,226	\$ 519,763	\$ 555,149
	Casual Labourer and Casual Driver for Downtown Maintenance	475			1.8	\$ 87,508	-	\$ 94,460	\$ 101,724	\$ 106,946
	Extended IT Support Hours - 1 Part-time Service Desk staff	483	0.7			\$ 30,666	-	\$ 33,182	\$ 35,933	\$ 38,898
	Technology Analyst	484	1			\$ 106,770	-	\$ 114,361	\$ 116,221	\$ 118,113
Engineering Project Manager Controls	488	1			\$ 125,703	\$ 5,771	\$ 87,185	\$ 92,863	\$ 98,927	
Community Improvement Projects	490				\$ 75,000	-	\$ 75,000	\$ 75,000	-	
Sanitary Lateral Replacement Program	497	3			\$ 149,800	\$ 100,000	\$ 928,219	\$ 958,714	\$ 990,001	
Other Service Level Changes Total			18.7	3.8	3.4	\$ 2,240,618	\$ 315,747	\$ 2,996,144	\$ 2,997,438	\$ 3,027,085
Recovery from Capital						\$ 202,192	-	\$ 230,462	\$ 236,206	\$ 242,175
Recovery from Water and Wastewater Rate						\$ 199,337	-	\$ 984,951	\$ 1,018,012	\$ 1,051,825
Contribution from Reserves						\$ 211,684	\$ 315,747	\$ 168,711	\$ 175,434	\$ 102,085
Other Service Level Changes - Net Impact on Tax						\$ 1,627,405	-	\$ 1,612,020	\$ 1,567,786	\$ 1,631,000

Service Partners

The City of Barrie has a number of Service Partners including the Barrie Police; County of Simcoe (provides long-term care, paramedic services, and social services); Conservation Authorities; and Barrie Public Library. These Boards, Municipalities, and Agencies have a legislated authority to establish budgets and levy taxes through the City's tax rate. The City has limited ability to revise their requests. However, they comprise 31% of the property tax bill. Detailed budget submissions are found in the Service Partners section of the binder. The 2020 service partner base budget requests require a net increase of \$4.2 million to the tax levy.

The table on the following page shows the net impact to the tax levy and the year-over-year percentage change by service partner, including requested budget and other funding sources available.

The Police budget increase is largely driven by provincial grant funding reductions, negotiated settlements, and legislated directives. The employee compensation budget is increased \$1.2 million which includes the hiring of 2 sworn and 3 civilian members and the impact of contracted obligations for 243 sworn and 118 civilian members. Included in the 2020 budget are the costs of legislated directives resulting in a budget increase of \$1.2 million and consisting of Next Generation 911 and salary and benefits costs under the Supporting Ontario's First Responders Act. Finally, the 2020 budget includes one-time costs totaling \$502 thousand for facility relocation costs. In addition, the province enacted funding cuts for various core police services. These are discussed in the Provincial Budget Impacts section below.



Service Partners and Grants - Base Budget Change Report

		2018 Actuals	2019 Budget	In Year Forecast	2020 Requested Budget	Change in 2020 Requested Budget to 2019 Approved Budget	
Conservation Authorities	Lake Simcoe Region Conservation Auth.	\$ 1,399,871	\$ 1,320,290	\$ 1,320,290	\$ 1,359,000	\$ 38,710	2.93%
	Water Rate	\$ 1,049,906	\$ 1,001,471	\$ 1,001,470	\$ 1,019,250	\$ 17,780	1.78%
	Tax Funded	\$ 349,965	\$ 318,819	\$ 318,820	\$ 339,750	\$ 20,930	6.56%
	Nottawasaga Valley Conservation Auth.	\$ 336,567	\$ 399,620	\$ 399,620	\$ 412,000	\$ 12,380	3.10%
	Water Rate	\$ 55,000	\$ 60,750	\$ 59,943	\$ 61,800	\$ 1,050	1.73%
	Tax Funded	\$ 312,567	\$ 338,870	\$ 339,677	\$ 350,200	\$ 11,330	3.34%
	Total - Tax Funded	\$ 662,532	\$ 657,689	\$ 658,497	\$ 689,950	\$ 32,260	4.91%
County of Simcoe	Social Housing	\$ 5,569,394	\$ 6,323,000	\$ 6,874,000	\$ 6,722,000	\$ 399,000	6.31%
	CoS Capital Reserve	\$ 530,671	\$ 540,000	\$ 540,000	\$ 1,122,000	\$ 582,000	107.78%
	Tax Funded	\$ 5,038,723	\$ 5,783,000	\$ 6,334,000	\$ 5,600,000	\$ (183,000)	-3.16%
	Long Term Care	\$ 892,076	\$ 926,000	\$ 947,000	\$ 953,780	\$ 27,780	3.00%
	Ontario Works	\$ 2,508,539	\$ 3,023,000	\$ 3,294,000	\$ 2,900,000	\$ (123,000)	-4.07%
	Paramedic Services	\$ 6,032,181	\$ 6,282,000	\$ 6,282,000	\$ 6,900,000	\$ 618,000	9.84%
	Children and Community Services	\$ 2,060,857	\$ 2,350,000	\$ 2,350,000	\$ 2,420,500	\$ 70,500	3.00%
	Simcoe County Museum and Archives	\$ 106,940	\$ 109,000	\$ 109,000	\$ 110,635	\$ 1,635	1.50%
Contribution to County Capital Reserve	\$ 1,400,000	\$ 2,000,000	\$ 2,000,000	\$ 2,500,000	\$ 500,000	25.00%	
	Total - Tax Funded	\$ 19,093,804	\$ 19,402,000	\$ 19,223,000	\$ 21,325,000	\$ 1,923,000	9.91%
Lake Simcoe Regional Airport	Lake Simcoe Regional Airport	\$ 429,477	\$ 441,927	\$ 441,927	\$ 74,759	\$ (367,168)	-83.08%
	Total - Tax Funded	\$ 429,477	\$ 441,927	\$ 441,927	\$ 74,759	\$ (367,168)	-83.08%
Local Boards	Barrie Police Services	\$ 51,814,867	\$ 53,329,646	\$ 53,284,646	\$ 56,066,858	\$ 2,737,212	5.13%
	Barrie Public Library	\$ 7,698,647	\$ 8,007,596	\$ 8,007,596	\$ 8,450,000	\$ 442,404	5.52%
	DCs	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ (25,000)	-50.00%
	Tax Funded	\$ 7,648,647	\$ 7,957,596	\$ 7,957,596	\$ 8,425,000	\$ 467,404	5.87%
	Total - Tax Funded	\$ 59,463,514	\$ 61,287,242	\$ 61,242,242	\$ 64,491,858	\$ 3,204,616	5.23%
Other Service Partners & Grants	Tourism Barrie	\$ 213,520	\$ 113,520	\$ 113,520	\$ -	\$ (113,520)	-100.00%
	Physician Recruitment	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	0.00%
	Total - Tax Funded	\$ 273,520	\$ 173,520	\$ 173,520	\$ 60,000	\$ (113,520)	-65.42%
Simcoe Muskoka District Health Unit	Simcoe Muskoka District Health Unit	\$ 1,736,259	\$ 1,812,820	\$ 1,801,000	\$ 2,343,479	\$ 530,659	29.27%
	Province of Ontario	\$ -	\$ 25,900	\$ 17,500	\$ 17,500	\$ (8,400)	-32.43%
	Total - Tax Funded	\$ 1,736,259	\$ 1,786,920	\$ 1,783,500	\$ 2,325,979	\$ 539,059	30.17%
Grand Total - Tax Funded		\$ 80,604,618	\$ 84,820,298	\$ 85,615,686	\$ 89,027,461	\$ 4,207,162	4.96%

The Library budget will require a net additional increase of \$417 thousand for operations in 2020. Labour costs make up nearly \$200 thousand of the increased request while a need for a greater security presence will come at cost of \$65 thousand. The Library has held its collection budget for a number of years but will increasing it by \$135 thousand in 2020. The increase is needed because publishers are now requiring libraries to repurchase e-books every two years regardless of circulation.

The City is a member of a tri-party Municipal Services Agreement along with the County of Simcoe and the City of Orillia. The tax funded cost for the City's share of services is expected to increase by \$912 thousand for 2020 based on the County's Long Term Financial Plan.

Contribution to the County of Simcoe Capital Reserve – Costs associated with the County's Capital Program are budgeted in the Capital Fund to provide enhanced transparency. As these costs are funded from the County of Simcoe Capital Reserve and Development Charges there is no direct impact to the 2020 tax levy beyond the contribution to the County of Simcoe Capital Reserve. The contribution to the County of Simcoe Capital Reserve has been increased by \$500 thousand for a total contribution of \$2.5 million in 2020 to meet estimated funding obligations for the County's capital program.

In 2019, an agreement for the sale of shares was reached between the City of Barrie and the County of Simcoe that would see the City reduce its ownership in the Lake Simcoe Regional Airport to 10% (previously 60%). The City's 2020 budgeted subsidy to the airport has been reduced by \$367 thousand to reflect the new ownership structure. Proceeds from the sale of the airport are expected to be used for the City's share of future capital expansion costs.

In 2018, Council established the authority to collect a Municipal Accommodation Tax (MAT) with Tourism Barrie acting as the City's 'tourism entity' and receiving 50% of the MAT. A Tourism Reserve was established at this time for the City's portion of the MAT. In the first year (2019), \$113 thousand of property tax revenue was transferred to the Tourism Reserve to ensure sufficient funds were available for costs associated with launching the MAT. The 2020 budget eliminates the property tax supported contribution to the Tourism Reserve as the MAT is now in place and collections are sufficient to support the reserve.

The Board of Health for the Simcoe Muskoka District Health Unit anticipates a substantial increase in the levies for its obligated municipalities in 2020 based on contents of the 2019 provincial budget. The increase is explained in the Provincial Budget Impacts section below.



Dedicated Infrastructure Renewal Fund

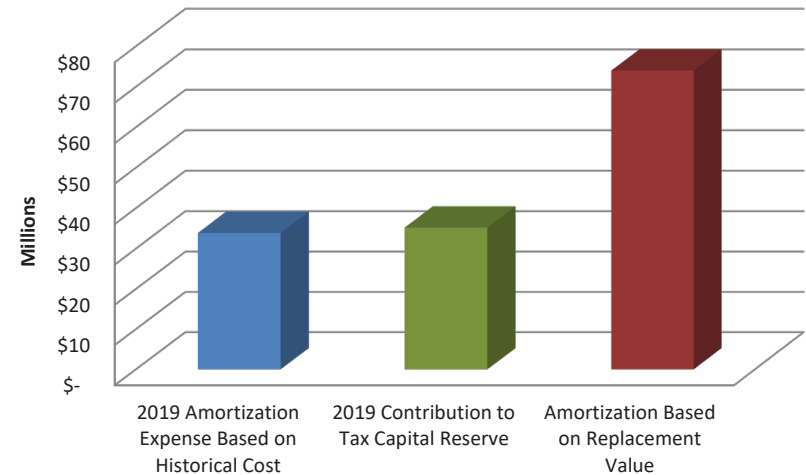
The City's proposed Tax supported budget includes a \$2.5 million increase related to the Dedicated Infrastructure Renewal Fund (DIRF).

The City of Barrie owns approximately \$1.6 billion in infrastructure, based on historical costs. The current dollar value of this infrastructure is considerably higher, at more than \$3.8 billion in replacement cost. The City's annual requirements for repairing and rehabilitating aging infrastructure is 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 Dedicated Infrastructure Renewal Fund portion of the annual tax capital reserve contribution was approved by Council starting in the 2015 budget year to address the significant backlog of infrastructure renewal work. Council's direction prescribes an annual increase to the reserve contribution equivalent to a 1% property tax increase for the typical residential tax payer. For the proposed 2020 budget, the 1% increase represents approximately an additional \$2.5 million of contribution. This fund will be used to increase infrastructure rehabilitation for tax-supported infrastructure – roads, sidewalks, storm sewers, parks, buildings, fleet and equipment.

The following chart shows the estimated amortization expenses for tax-supported infrastructure in 2019 based on historical costs for the City of \$33.9 million. The transfer to the capital reserve in 2019 was \$35.2 million which was higher than the amortization expense by \$1.3M. However, amortization expense is based on historical values which are significantly lower than replacement cost.



Tax Supported Annual Infrastructure Gap



Provincial Budget Impacts

The Provincial Government has introduced a number of funding and program changes through the provincial budget that are adding pressure to the City's tax base through its service partners. To date, staff have quantified approximately \$1.6 million in additional costs for 2020 and this number is expected to increase as service partners are able to fully assess impacts to their budgets. The significant impacts identified to date include:

Provincial Budget Impacts	
Police - Elimination of court security and prisoner transport grant	920,000
SMDHU - Municipal share increased to 30% (from 25%)	542,000
County of Simcoe (CHPI program)	143,000
Inter-Library loans	16,000
Total	1,621,000

Police

Provincial funding reductions were imposed on core programs including Court Security Prisoner Transportation Grant and the Policing Effectiveness and Modernization Grant. Overall, the reduction in grant funding will result in a \$920 thousand increase to the tax levy.

Simcoe Muskoka District Health Unit (SMDHU)

The Board of Health for the SMDHU anticipates a substantial increase in the levies for its obligated municipalities in 2020 based on contents of the 2019 provincial budget. The provincial budget indicates the proportion of funding for public health from municipalities will increase to 30% (previously 25%). The downloading of costs to the municipal level is expected to require a \$542 thousand increase in the City's tax levy.

County of Simcoe

The City receives Paramedic, Social Housing, Long Term Care, Child Services, and Ontario Works services from the County of Simcoe. The 2019 provincial budget contains numerous changes to funding agreements between the province and the County that will result in a larger proportion of costs for these services being borne at the municipal level. Some examples include a move to an 80/20 funding split for child care expansion (previously 100% provincially funded) and provincial funding for various programs being held at 2018 fiscal year levels. More information is needed from the Province and the County to fully understand the financial impact to the City of Barrie.

Permanent Staff Complement Continuity - Tax

The City's staff complement is essential to deliver the services that residents rely upon. The 2019 permanent staff complement consisted of 823 individuals. The 2020 business plan includes requests for permanent staff that would increase the complement to 842. Detailed business cases supporting the requests for additional complement are found in the New Investment & Service Recommendations section of the binder.



2020 Operating Budget - Permanent Staff Complement Continuity (Tax Base)

Division/Department	2018 Total Approved Complement	2019 Total Approved Complement	2020 Recommended New Investments Impact			2020 Recommended New Investments Complement Funding Source					2020 Recommended Complement		
			FT	PPT	Total	Tax	Non-Tax1	Water	Wastewater	Parking	FT	PPT	Total
Office of the Mayor & CAO													
Office of the Mayor & CAO	6	6									6		6
Legal Services	19	19									19		19
	25	25	-	-	-	-	-	-	-	-	25	-	25
Infrastructure & Growth Management													
General Manager's Office	2	2									2		2
Roads, Parks & Fleet	110	110	10		10	5		1		4	120		120
Planning & Building Services *	48	56	2		2	1.5	0.5				57	1	58
Engineering	66	68	1		1	0.66	0.28	0.03		0.03	69		69
Environmental Services	28	28	2		2	2					27	3	30
	254	264	15	-	15	9.16	0.78	1.03		4.03	275	4	279
Community & Corporate Services													
General Manager's Office	2	2									2		2
Corporate Facilities	41	41	1		1	1					42		42
Legislative & Court Services	80	80									61	19	80
Finance	46	46									46		46
Recreation Services	61	61									61		61
Fire & Emergency	181	182									179	3	182
	411	412	1	-	1	1	-	-		-	391	22	413
Access Barrie													
Customer Service	2	2									2		2
Customer Service	18	18									16	2	18
Marketing & Communications	6	6	1		1	1					7		7
Transit & Parking Strategy	9	9									9		9
	35	35	1	-	1	1	-	-		-	34	2	36
Invest Barrie Admin													
Business Development	3	3									3		3
Business Development	6	7									7		7
Department of Creative Economy	8	8									7	1	8
	17	18	-	-	-	-	-	-		-	17	1	18
Innovate Barrie Admin													
Centre for Continuous Improvement	2	2									2		2
Centre for Continuous Improvement	8	8									8		8
Human Resources	16	17									17		17
Information Technology	41	42	1	1	2	2					43	1	44
	67	69	1	1	2	2					70	1	71
Total	809	823	18	1	19	13.16	0.78	1.03		4.03	812	30	842

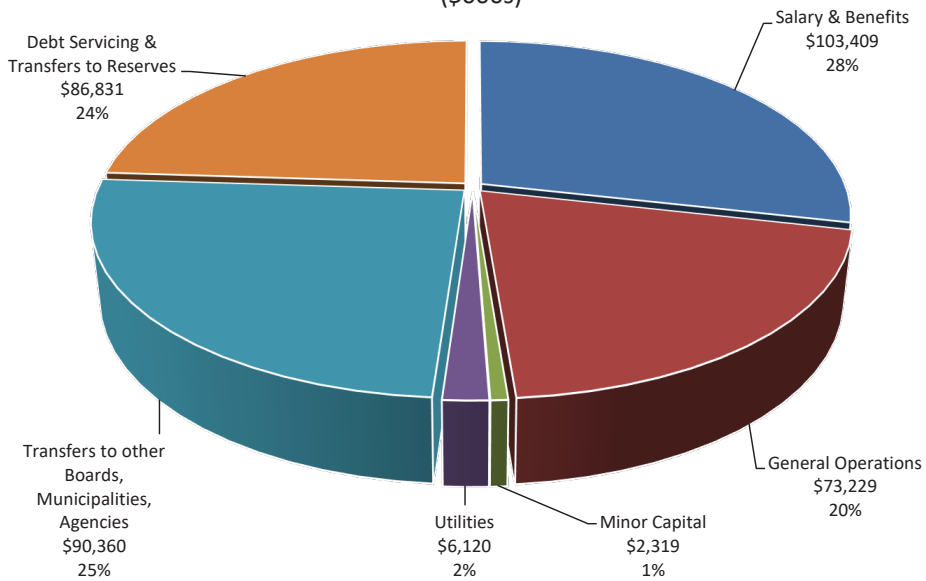
Note 1: Non-tax funding sources includes capital project recovery with no tax impact.

Summary of Tax Operating Budget Expenses and Revenues

The 2020 requested Tax Operating budget results in an increase of \$15.6 million (4.5%) in gross expenditures with an equal and offsetting increase in planned revenues. The following charts show the breakdown of expenses and revenues:

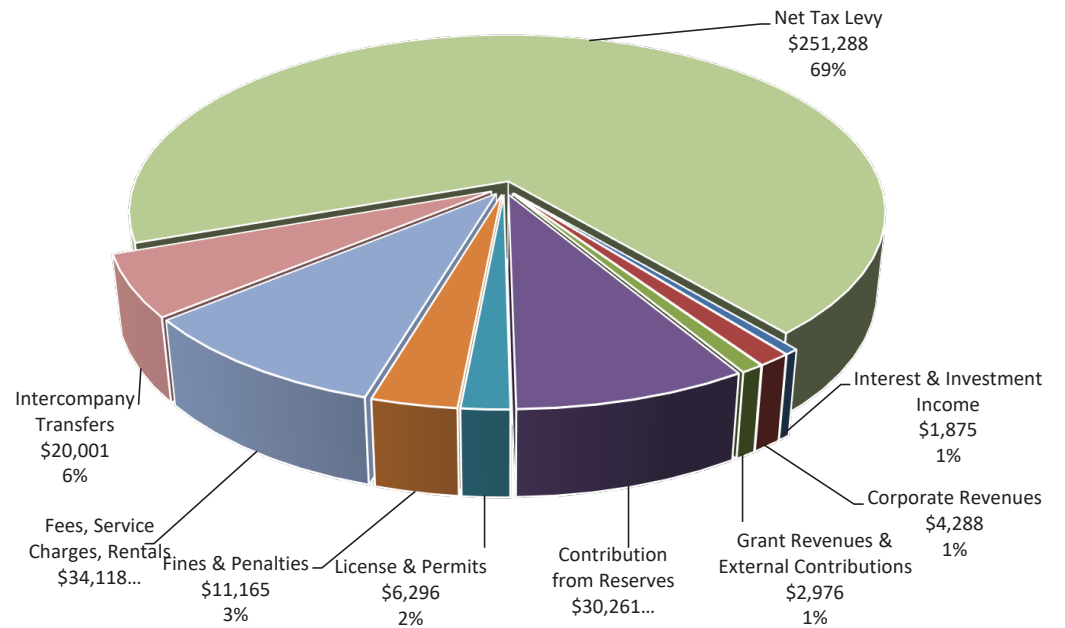
2020 Gross Expenditures - \$362M

(\$000s)



2020 Sources of Operating Revenue - \$362M

(\$000s)



The following tables shows gross expenditures by service area and the net cost to the tax supported operating budget after inclusion of all other revenues and non- tax funding sources, as well as recommended new investments and services.

	2019 - Budget		2020 - Base Budget		Base Budget Change		Net Change %	2020 New Investments & Service Recommendations		2020 Requested Budget		Requested Budget Change		Net Change %
	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)
CAO & MAYOR'S OFFICE														
Office of the CAO	690,060	664,060	703,730	677,730	13,670	13,670	2.1%	0	0	703,730	677,730	13,670	13,670	2.1%
Office of the Mayor	336,510	266,510	337,235	267,235	725	725	0.3%	105,000	30,000	442,235	297,235	105,725	30,725	11.5%
Legal Services Department	3,335,908	1,818,771	3,353,589	1,803,544	17,681	(15,227)	-0.8%	0	0	3,353,589	1,803,544	17,681	(15,227)	-0.8%
Internal Audit	339,342	339,342	345,779	345,779	6,437	6,437	1.9%	0	0	345,779	345,779	6,437	6,437	1.9%
Total	4,701,819	3,088,681	4,740,332	3,094,287	38,514	5,605	0.2%	105,000	30,000	4,845,332	3,124,287	143,514	35,605	1.2%
COUNCIL & COMMITTEES														
City Council	716,447	719,219	737,905	740,719	21,458	21,500	3.0%	0	0	737,905	740,719	21,458	21,500	3.0%
Committees	73,660	73,660	76,130	76,130	2,470	2,470	3.4%	0	0	76,130	76,130	2,470	2,470	3.4%
Total	790,107	792,879	814,035	816,849	23,928	23,970	3.0%	0	0	814,035	816,849	23,928	23,970	3.0%
ACCESS BARRIE														
Access Barrie Admin	339,453	339,453	346,474	346,474	7,020	7,020	2.1%	0	0	346,474	346,474	7,020	7,020	2.1%
Customer Service	1,503,486	1,172,727	1,652,329	1,180,840	148,842	8,113	0.7%	0	0	1,652,329	1,180,840	148,842	8,113	0.7%
Marketing & Comm.	1,032,949	972,512	1,109,910	984,479	76,961	11,967	1.2%	93,321	93,321	1,203,231	1,077,800	170,282	105,288	10.8%
Transit & Parking Strategy	21,837,853	12,971,263	22,114,049	13,473,947	276,196	502,684	3.9%	250,000	250,000	22,364,049	13,723,947	526,196	752,684	5.8%
Total	24,713,741	15,455,955	25,222,762	15,985,739	509,020	529,785	3.4%	343,321	343,321	25,566,083	16,329,060	852,341	873,106	5.6%
INNOVATE BARRIE														
Innovate Barrie Administration	409,935	409,935	418,951	418,951	9,017	9,017	2.2%	0	0	418,951	418,951	9,017	9,017	2.2%
Information Technology	8,910,490	7,434,072	9,285,987	7,831,135	375,497	397,063	5.3%	153,289	153,289	9,439,276	7,984,424	528,786	550,352	7.4%
Human Resources	2,923,477	2,768,945	2,968,229	2,878,175	44,753	109,230	3.9%	69,127	69,127	3,037,357	2,947,302	113,880	178,358	6.4%
Centre for Continuous Improvement	1,025,857	781,818	1,048,388	808,915	22,531	27,097	3.5%	0	0	1,048,388	808,915	22,531	27,097	3.5%
Total	13,269,759	11,394,769	13,721,556	11,937,176	451,797	542,408	4.8%	222,416	222,416	13,943,972	12,159,593	674,213	764,824	6.7%

	2019 - Budget		2020 - Base Budget		Base Budget Change		Net Change %	2020 New Investments & Service Recommendations		2020 Requested Budget		Requested Budget Change		Net Change %
	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)

INVEST BARRIE														
Invest Barrie Administration	614,619	324,665	644,425	337,425	29,806	12,760	3.9%	0	0	644,425	337,425	29,806	12,760	3.9%
Business Development	1,298,911	899,517	1,319,807	935,507	20,896	35,990	4.0%	0	0	1,319,807	935,507	20,896	35,990	4.0%
Department of Creative Economy	3,049,802	2,552,294	3,209,041	2,654,261	159,239	101,967	4.0%	173,992	173,992	3,383,033	2,828,253	333,231	275,959	10.8%
Total	4,963,332	3,776,476	5,173,273	3,927,194	209,941	150,717	4.0%	173,992	173,992	5,347,265	4,101,185	383,933	324,709	8.6%

COMMUNITY & CORPORATE SERVICES														
GM of Community & Corporate Services	374,324	349,324	473,366	448,366	99,041	99,041	28.4%	0	0	473,366	448,366	99,041	99,041	28.4%
Finance Department	5,724,414	3,619,973	5,914,840	3,675,892	190,426	55,919	1.5%	0	0	5,914,840	3,675,892	190,426	55,919	1.5%
Barrie Fire & Emergency Services	26,695,418	26,521,469	27,341,101	27,142,687	645,683	621,217	2.3%	0	0	27,341,101	27,142,687	645,683	621,217	2.3%
Legislative & Court Services	9,824,507	2,126,407	9,769,496	2,239,655	(55,011)	113,248	5.3%	0	0	9,769,496	2,239,655	(55,011)	113,248	5.3%
Recreation Services	18,128,554	8,126,400	18,613,274	8,295,536	484,721	169,137	2.1%	0	0	18,613,274	8,295,536	484,721	169,137	2.1%
Facilities Department	13,390,961	2,201,666	14,512,042	2,224,178	1,121,081	22,511	1.0%	2,478	2,478	14,514,520	2,226,656	1,123,559	24,989	1.1%
Total	74,138,179	42,945,241	76,624,120	44,026,314	2,485,940	1,081,073	2.5%	2,478	2,478	76,626,598	44,028,792	2,488,418	1,083,551	2.5%

INFRASTRUCTURE & GROWTH MANAGEMENT														
GM Infrastructure & Growth Mgmt	479,733	479,733	511,321	511,321	31,588	31,588	6.6%	0	0	511,321	511,321	31,588	31,588	6.6%
Environmental Services	11,245,175	7,468,832	10,982,062	6,991,148	(263,113)	(477,684)	-6.4%	215,142	215,142	11,197,203	7,206,289	(47,971)	(262,543)	-3.5%
Engineering Department	5,330,459	2,039,779	5,485,243	2,669,559	154,785	629,780	30.9%	87,965	79,778	5,573,208	2,749,337	242,750	709,558	34.8%
Roads, Parks, & Fleet	32,770,864	28,754,546	33,479,881	30,115,930	709,016	1,361,384	4.7%	887,061	532,050	34,366,942	30,647,981	1,596,078	1,893,434	6.6%
Planning & Building Services	7,251,340	657,317	6,211,014	1,501,920	(1,040,326)	844,603	128.5%	186,198	49,514	6,397,212	1,551,434	(854,128)	894,117	136.0%
Total	57,077,571	39,400,207	56,669,521	41,789,878	(408,050)	2,389,671	6.1%	1,376,365	876,484	58,045,886	42,666,362	968,316	3,266,155	8.3%

	2019 - Budget		2020 - Base Budget		Base Budget Change		Net Change %	2020 New Investments & Service Recommendations		2020 Requested Budget		Requested Budget Change		Net Change %
	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)
DIVISIONAL TAX OPERATING	179,654,508	116,854,208	182,965,598	121,577,436	3,311,090	4,723,228	4.0%	2,223,573	1,648,692	185,189,171	123,226,127	5,534,663	6,371,920	5.5%
SERVICE PARTNERS & GRANTS														
County of Simcoe	19,013,000	18,473,000	20,006,915	18,884,915	993,915	411,915	2.2%	0	0	20,006,915	18,884,915	993,915	411,915	2.2%
Simcoe Muskoka District Health Unit	1,812,820	1,786,920	2,343,479	2,325,979	530,659	539,059	30.2%	0	0	2,343,479	2,325,979	530,659	539,059	30.2%
Conservation Authorities	1,719,910	657,689	1,771,000	689,950	51,090	32,261	4.9%	0	0	1,771,000	689,950	51,090	32,261	4.9%
Local Boards	61,562,242	61,287,242	64,516,858	64,491,858	2,954,616	3,204,616	5.2%	0	0	64,516,858	64,491,858	2,954,616	3,204,616	5.2%
Lake Simcoe Regional Airport	441,927	441,927	74,759	74,759	(367,168)	(367,168)	-83.1%	0	0	74,759	74,759	(367,168)	(367,168)	-83.1%
Other Service Partners & Grants	173,520	173,520	780,000	60,000	606,480	(113,520)	-65.4%	0	0	780,000	60,000	606,480	(113,520)	-65.4%
Total	84,723,419	82,820,299	89,493,011	86,527,461	4,769,592	3,707,163	4.5%	0	0	89,493,011	86,527,461	4,769,592	3,707,163	4.5%
CORPORATE TRANSACTIONS														
Corporate Expenses	82,246,746	52,420,460	87,585,763	55,123,313	5,339,017	2,702,853	5.2%	0	0	87,585,763	55,123,313	5,339,017	2,702,853	5.2%
Corporate Revenues	25,000	(13,530,620)	0	(13,588,948)	(25,000)	(58,328)	0.4%	0	0	0	(13,588,948)	(25,000)	(58,328)	0.4%
Total	82,271,746	38,889,840	87,585,763	41,534,365	5,314,017	2,644,525	6.8%	0	0	87,585,763	41,534,365	5,314,017	2,644,525	6.8%
TOTAL RECOMMENDED TAX OPERATING BUDGET	346,649,673	238,564,346	360,044,373	249,639,262	13,394,700	11,074,916	4.6%	2,223,573	1,648,692	362,267,946	251,287,954	15,618,273	12,723,608	5.3%

*rounding causes slight differences in totals.

The gross amount of New Investments & Service recommendations in this table is offset by recoveries from capital projects which lowers the total. The New Investments & Service Recommendations table on page 20 shows the recoveries from capital projects separately resulting in a higher gross total. Adjusting for this difference of \$202,192 reconciles the tables.

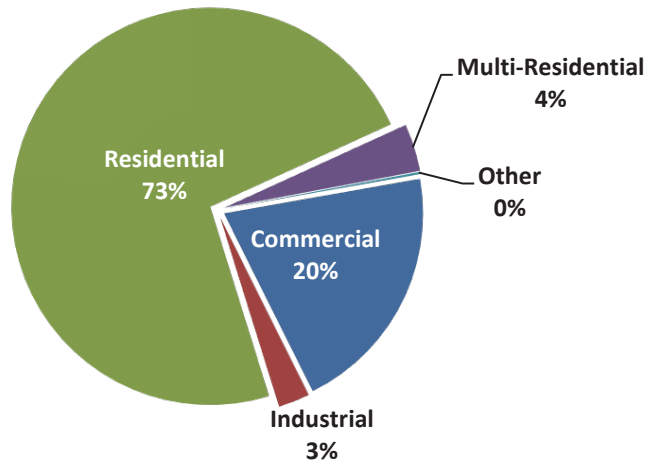
Property Tax Revenue

The annual property tax levy is shared across various classes of property. The levy for a particular property is calculated by multiplying the assessed value for the property, as established by the Municipal Property Assessment Corporation (MPAC), by the appropriate tax rate for that property's class. The tax rates are calculated using the tax ratios established by Council each year. Tax ratios represent the relative tax burden across the property taxes in relation to the residential tax class. For example, a commercial tax ratio of 1.43 means that for every dollar of assessment, a commercial property will pay 1.43 times more than a residential property.

The chart below illustrates the breakdown of the proposed 2020 tax levy supporting municipal services and service partners by major property class.

2020 Tax Levy

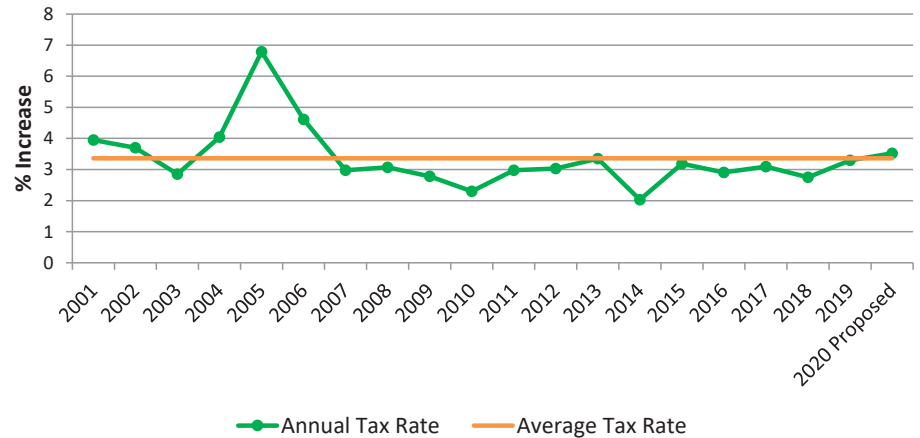
■ Commercial ■ Industrial ■ Residential ■ Multi-Residential ■ Other



History of Tax Rate Changes

Since 2001 and including the recommended 2020 plan, the average annual residential property tax increase for a typical home in Barrie has been 3.36%.

Tax Rate Change



Forecasted Tax Rate Increases – Three Year Forecast

Staff have made best efforts to provide a three year operating forecast for the 2020 Business Plan and will continue to refine the forecasting process to improve accuracy in future business plans. The Capital Budget includes assets and infrastructure that may have a direct impact on future operating budgets when placed into service.

Staff have attempted to capture expenditure and non-tax revenue trends for the next 3 years. Inflationary factors on key labour and operating contracts will continue to be drivers; as will tax funded reserve contributions needed to sustain capital renewal and replacement activities related to the City's aging infrastructure. Where possible, non-tax revenue sources (e.g. User fees) have been forecasted taking into account anticipated volumes and pricing.

Growth driven increases to expenditures and revenue will also become a more significant factor in the coming years. As new homes and businesses are developed, related infrastructure such as roads, sidewalks, and parks will be constructed. Additional staff and equipment dedicated to services such as Waste Collection, Winter Control, Road Surface and Roadside Maintenance, Fire and Emergency, and Recreation will be needed to maintain minimum maintenance standards and current service levels.

In addition, as rural lands become urbanized, additional stormwater resources to accommodate storm system expansion and maintenance will be required. These assets will need to be operated and maintained to meet Environmental Compliance Approvals issued by the Ministry of the Environment and Climate Change.

Beginning in 2020, staff are recommending the implementation of a growth smoothing strategy to address the lag in the realization of property tax revenues. This involves drawing \$2 million from reserves in 2020 followed in future years by a reduction in the draw from reserves as realized assessment growth generates new tax revenue.

The table below lists the anticipated tax rate increases given current assumptions for each of the next three years:

Estimated Tax Rate Increase			
Year	Base Levy	Growth	Net Impact
2021	4.8%	2.0%	2.8%
2022	5.3%	2.4%	2.9%
2023	4.6%	2.4%	2.2%

Water Operating Budget

The plan for water complies with Financial Plans Regulation (O.Reg. 453/07) under the Safe Drinking Water Act for a full cost recovery operation. The annual Water Operating Budget reflects the cost associated with delivering safe drinking water to the community using a combination of ground and surface water supply, and a distribution network associated with reservoirs and pumping stations.

The proposed 2020 Water Operations Budget reflects a rate increase of 3.47% (\$11.96) for a typical household.

Water Rate Impacts Directly Controlled by City of Barrie

Description	2020 Budget
Prior Year Contribution to Water Capital Reserve (WCR)	\$ 4,350,247
Maintain current service levels	\$ 1,708,371
Debt Management	\$ 50,055
Interfund	\$ 507,515
Current Year Contribution to WCR before Inv. & Service Recommendations	\$ 6,616,188
Investment & Service Recommendations	\$ (168,488)
Current Year Contribution to WCR	\$ 6,447,700
Adjustment Contribution to Reserves	\$ 2,097,453

Maintain Current Service Levels

The budgeted net cost to maintain current services will decrease by \$1.7 million in 2020.

The cost of labour is expected to increase by \$105 thousand. The increase provides for cost of living provisions, merit increases for full time CUPE and non-union employees, and estimated increases for benefit rates.

In an effort to rebase operational budgets for items such as materials and supplies, minor capital, repairs and maintenance, etc. the water operations department undertook a review of historical costs and trending. Based on this review, the water operations department was able to find non-labour budget reductions totaling \$830 thousand for 2020.

In addition, water rate revenue is expected to increase by \$835 thousand in 2020 based on consumption patterns and the proposed rate increase.

Interfund Expense

Interfund expenses are costs recovered between the City's primary operating funds (Tax, Water, Wastewater, and Parking). These costs are most commonly incurred in the tax fund and then recovered from the other funds (e.g. corporate overhead). Budgeted interfund expenses will decrease by \$558 thousand for 2020.

The largest single contributor to the change is a \$347 thousand reduction in recovery for storm water treatment maintenance resulting from the reassessment of the work that can be delivered with available resources.

Reserve Management

After taking into account proposed new investment and service recommendations, the contribution to the water capital reserve will be increased by \$2.1 million. This increase will bring the reserve contributions back in line with inflation adjusted historical levels for supporting water infrastructure. The contribution to the water capital reserve had been declining from approximately \$5.9 million in 2015 to \$5.7 million in 2017. That decline continued in 2018 and 2019 to a low of \$4.3 million in 2019. The City's water infrastructure is valued at \$221 billion. The increased contribution to the capital reserve proposed for the 2020 budget will help support the sustainability of the City's drinking water infrastructure while keeping rate increases in line with historical norms.

Investment and Service Recommendations

The proposed 2020 Water budget includes new investment and service recommendations at a cost of \$168 thousand. The 2020 recommendations consist of:

- \$164 thousand for Storm water legislated compliance requirements
- \$4 thousand for water's proportionate share of a permanent Engineering Project Manager



Water Rate Revenues

The target for total water revenue is driven by the cost of providing the service. An increase in water rate revenue of \$835 thousand is required in order to maintain the current service levels as described above. Factors impacting the rate increase for a typical household include: Total water revenue requirement and changes to assumptions for consumption, service connections, and growth. For a typical household that consumes 180 cubic metres annually, the annualized cost of water services in 2020 are estimated to be \$356 (\$345 in 2019). This represents a 3.47% or \$11.96 annual increase over 2019.

Residential Water Rates

Bi-monthly Consumption	2019 Rates	2020 Rates
0-30 cubic metres	\$ 1.0495 per m ³	\$ 1.0851 per m ³
30-60 cubic metres	\$ 2.0991 per m ³	\$ 2.1703 per m ³
60-90 cubic metres	\$ 3.1486 per m ³	\$ 3.2554 per m ³
> 90 cubic metres	\$ 4.1982 per m ³	\$ 4.3405 per m ³
Fixed Change by Service Size		
16 to 19 mm	\$ 26.60	\$ 27.50

General Service Water Rates

Bi-monthly Consumption	2019 Rates	2020 Rates
0-15 cubic metres	\$ 1.0495 per m ³	\$ 1.0851 per m ³
>15 cubic metres	\$ 1.5744 per m ³	\$ 1.6277 per m ³
Fixed Change by Service Size		
13 to 19 mm	\$ 13.30	\$ 13.75
25 to 32 mm	\$ 33.26	\$ 34.37
38 mm	\$ 66.53	\$ 68.76
50 mm	\$ 106.44	\$ 110.01
75 mm	\$ 232.84	\$ 240.64
100 mm	\$ 399.18	\$ 412.55
150 mm	\$ 831.61	\$ 859.47
200 mm	\$ 1,064.45	\$ 1,100.11
250 mm	\$ 1,530.17	\$ 1,581.43
300 mm	\$ 1,530.17	\$ 1,581.43

Staff Complement

Currently, 68 staff members are required to directly support Water Operations. There are no new positions recommended in the 2020 operating budget.

2020 Operating Budget – Permanent Staff Complement Continuity (Water User Rate)

Departmental Branch	Total 2018 Approved Complement	Total 2019 Approved Complement	Recommended New Investment Impact			2020 Recommended Complement		
			FT	PPT	Total	FT	PPT	Total
Water Operations	68	68	-	-	-	68	-	68

The screenshot displays the 'WATER METER READINGS' and 'Water Wastewater Bill' interface for the City of Barrie. The login section prompts users to enter their account number and meter number. The bill details include the service address (123 SAMPLE DR, BARRIE ON L4M 4T5), account number (000111111 - 000222222), and a service period from July 28, 2011, to September 8, 2011. The bill lists various charges, including a service charge for 0-30 m³ and a water/wastewater charge of 16.0, totaling 14.41.

Wastewater Operating Budget

The annual Wastewater Operating Budget reflects the costs associated with receiving, treating and discharging sanitary sewage complying with all applicable governing legislation.

The proposed 2020 Wastewater Operations Budget reflects a rate increase of 3.83% (\$18.53) for a typical household.

Wastewater Rate Impacts Directly Controlled by City of Barrie

Description	2020 Budget
Prior Year Contribution to Water Capital Reserve (WwCR)	\$ 14,097,204
Maintain current service levels	\$ 1,072,632
Debt Management	\$ 89,887
Interfund	\$ 568,058
Current Year Contribution to WwCR before Inv. & Service Recommendations	\$ 15,827,781
Investment & Service Recommendations	\$ (194,141)
Pending Adjustments	
Current Year Contribution to WwCR	\$ 15,633,640
Adjusted Contribution to Reserves	\$ 1,536,436

Maintain Current Service Levels

The budgeted net cost to maintain current services will decrease by \$1.1 million in 2020.

The cost of labour is expected to increase by \$196 thousand. The increase provides for cost of living provisions, merit increases for full time CUPE and non-union employees, and estimated increases for benefit rates.

After a comprehensive review of historical operations and trends, it was determined budget reductions across spending lines such as consulting, contracted services, materials and supplies, and repairs and maintenance could be accommodated resulting in a budget reduction of \$846 thousand across wastewater operations.

In addition, wastewater rate revenue is expected to increase by \$1.2 million in 2020 based on consumption and flow patterns along with the proposed rate increase.

Interfund Expenses

Interfund expenses are costs recovered between the City's primary operating funds (Tax, Water, Wastewater, and Parking). These costs are most commonly incurred in the tax fund and then recovered from the other funds (e.g. corporate overhead). Budgeted interfund expenses will decrease by \$658 thousand for 2020.

The largest single contributor to the change is a \$305 thousand reduction in recovery for works performed in relation to wastewater collection – gravity. These reductions are resulting from the reassessment of the work that can be delivered with available resources.

Reserve Management

After taking in to account proposed new investment and service recommendations, the contribution to the wastewater capital reserve will be increased by \$1.5 million. The increase will contribute to the sustainability of the City's wastewater infrastructure while keeping rate increases in line with historical norms.

Investment and Service Recommendations

The proposed 2020 Wastewater budget includes new investment and service recommendations at a cost of \$194 thousand. The 2020 recommendations consist of:

- \$148 thousand for Sanitary Lateral replacement program
- \$37 thousand Waste water proportional share of six permanent downtown winter control and maintenance staff
- \$5 thousand for Waste water proportional share of a casual labourer and casual driver for Downtown Maintenance
- \$4 thousand for Waste water proportional share of a permanent engineering project manager

Wastewater Rate Revenues

The target for total wastewater revenue is driven by the cost of providing the service. An increase in wastewater rate revenue of \$1.2 million is required in order to maintain the current service levels as described above. Factors impacting the rate increase for a typical household include: Total wastewater revenue requirement and changes to assumptions for; consumption, service connections, and growth. For a typical household that consumes 180 cubic metres annually, the annualized cost of wastewater services in 2020 are estimated to be \$502 (\$484 in 2019). This represents a 3.83% increase over 2019.

Residential Wastewater Rates

Bi-monthly Consumption	2019 Rates	2020 Rates
0-30 cubic metres	\$ 1.5165 per m ³	\$ 1.5770 per m ³
30-60 cubic metres	\$ 2.5781 per m ³	\$ 2.6810 per m ³
60-90 cubic metres	\$ 2.5781 per m ³	\$ 2.6810 per m ³
> 90 cubic metres	N/A	N/A
Fixed Change by Service Size		
16 to 19 mm	\$ 36.00	\$ 37.44

General Service Wastewater Rates

Monthly Consumption	2019 Rates	2020 Rates
0-15 cubic metres	\$ 1.4443 per m ³	\$ 1.5019 per m ³
>15 cubic metres	\$ 2.1667 per m ³	\$ 2.2531 per m ³
Fixed Change by Service Size		
13 to 19 mm	\$ 18.00	\$ 18.72
25 to 32 mm	\$ 45.00	\$ 46.80
38 mm	\$ 90.00	\$ 93.59
50 mm	\$ 144.01	\$ 149.76
75 mm	\$ 315.00	\$ 327.57
100 mm	\$ 540.13	\$ 561.68
150 mm	\$ 1,124.99	\$ 1,169.88
200 mm	\$ 1,440.00	\$ 1,497.45
250 mm	\$ 2,069.99	\$ 2,152.58
300 mm	\$ 2,069.99	\$ 2,152.58

Staff Complement

Currently, 37 staff members are required to directly support Wastewater Operations. There is 1 new positions recommended in the 2020 operating budget – Electrical Maintenance Operator.

2020 Operating Budget – Permanent Staff Complement Continuity (Wastewater User Rate)

Departmental Branch	Total 2018 Approved Complement	Total 2019 Approved Complement	Recommended New Investment Impact			2020 Recommended Complement		
			FT	PPT	Total	FT	PPT	Total
Wastewater Operations	36	37	1	–	1	38	–	38



Parking Operating Budget

The 2020 Parking Operating Budget reflects the costs associated with the operations and maintenance of parking lots, parking structure and assets.

The parking service is intended to be self-sustaining through user pay revenue. However, the current operating model for the service has proven unable to generate sufficient revenue to meet the cost of annual operations on an ongoing basis.

Parking Rate Impacts Directly Controlled by City of Barrie

Description	2020 Budget
Prior Year Contribution/(Draw) to/(from) Parking Reserve	\$ (620,243)
Maintain current service levels	\$ 167,350
Debt Management	\$ –
Interfund	\$ 33,191
Current Year Contribution/(Draw) to/(from) Parking Reserve before Inv. & Service Recommendations	\$ (419,702)
Investment & Service Recommendations	\$ –
Current Year Contribution/(Draw) to/(from) Parking Reserve	\$ (419,702)

Maintain Current Service Levels

The direct operating costs for the parking service have not changed significantly from 2019. Increased costs for labour, driven by collective agreements, etc., are substantially offset by reductions to planned spending for contracted services and repairs and maintenance.

Interfund charges have decreased by \$33 thousand over 2019. These costs consist of corporate overhead and direct support for assets such as parking structures.

Parking Rate Revenue

In 2020 the municipal parking system expects to realize \$2.2 million in operating revenue consisting of \$702 thousand from parking meters and \$1.5 million from parking permits. This is an increase of \$123 thousand over the previous year.

Parking Reserve

Parking Operations continues to generate an operating deficit requiring a draw from the Parking Reserve to balance the parking budget. For 2020, the draw from the reserve is expected to be \$420 thousand. This is a decrease of \$200 thousand from 2019.

Staff Complement

Currently, 3 staff are required to directly support Parking Operations. There are no new positions recommended in the 2020 operating budget.

2020 Operating Budget – Permanent Staff Complement Continuity (Parking User Rate)

Departmental Branch	Total 2018 Approved Complement	Total 2019 Approved Complement	Recommended New Investments Impact			2020 Recommended Complement		
			FT	PPT	Total	FT	PPT	Total
Parking Operations	3	3	–	–	–	3	–	3



Financial Condition – Reserve Management

As shown in the table below, the City's reserves are overcommitted on a consolidated basis. Committed reserve balances reflect project spending (amount and timing) as approved by Council through previous capital plans and in-year adjustments. While reserves are overcommitted, the timing of actual spending has historically lagged resulting in positive year end reserve balances.

With Barrie's population expected to grow to 210,000 by 2031, the City is investing heavily in growth-related infrastructure over the next number of years.

While these investments are critical to opening the City for growth and bringing many benefits to the community through projects like the Harvie Road Crossing,

McKay Road expansion and the Barrie Simcoe Emergency Services Campus, the City is facing significant challenges balancing the cost of growth with available financial resources.

The City's development charge reserves are significantly overcommitted and are expected to remain over-committed for a number of years while large growth-related infrastructure projects are undertaken to prepare lands in the secondary plan area for development.

During this period of heavy investment in growth the City will need to maintain robust balances in its other reserves to ensure the City's financial position is maintained. The capital plan does have some flexibility. However, discipline will be required to avoid straying too far from the plan which has been developed to efficiently build out capital infrastructure.

Consolidated Reserve and Reserve Fund Forecast

	2019	2020	2021	2022	2023	2024
Beginning Balance	\$ 142,384,383	\$ (34,581,618)	\$ (9,064,233)	\$ 41,262,136	\$ 47,719,757	\$ 2,122,712
Carryforward Capital Commitments	\$ (153,826,088)	\$ –	\$ –			
Approved Capital Commitments	\$ (158,487,269)	\$ (22,718,586)	\$ (2,762,883)	\$ –	\$ –	\$ –
Requested Capital Commitments	\$ –	\$ (76,154,837)	\$ (28,869,349)	\$ (13,245,000)	\$ (6,416,000)	\$ (1,350,000)
Forecasted Capital Commitments	\$ –	\$ –	\$ (84,936,298)	\$ (165,980,480)	\$ (205,336,346)	\$ (199,093,942)
Non-Capital Commitments	\$ (26,869,884)	\$ (25,913,230)	\$ (26,579,920)	\$ (28,240,987)	\$ (25,781,388)	\$ (29,693,663)
Total Commitments / Draws	\$ (339,183,240)	\$ (124,786,653)	\$ (143,148,450)	\$ (207,466,467)	\$ (207,466,467)	\$ (230,137,605)
Contributions to Reserves	\$ 147,509,337	\$ 150,304,038	\$ 193,474,819	\$ 213,924,087	\$ 191,936,689	\$ 193,541,795
Returned Carryforwards	\$ 14,707,902					
(Deficit)/Surplus Reserve Balance	\$ (34,581,618)	\$ (9,064,233)	\$ 41,262,136	\$ 47,719,757	\$ 2,122,712	\$ (34,473,099)

Capital Reserve Forecasts

The following section presents five year forecasts for the City's main capital reserves and reserve funds. These include Tax Capital Reserve, Development Charge Reserve Funds (DC's), Water and Wastewater Capital Reserve Funds, Federal Gas Tax Reserve, Fleet Replacement Reserve, as well as the Cash-in-lieu Parkland Reserve, Strategic Priorities, Community Benefit Reserve and the Tourism Reserve.

The reserve continuity tables on the following pages show the projected year-end balances of each reserve. The draws from reserves are captured from forecasts proposed in the 2020 Capital and Operating budgets.

Contributions to reserves are based on projected forecasts utilizing current trends, as well as financial policies, growth studies and the 2019 Development Charge background study.

Financial Policy Framework targets or thresholds for reserves are important for maintaining or improving the City's financial condition. Reserves provide liquidity and flexibility in addressing operating requirements and internally funding capital projects to reduce the reliance on debt financing.



Development Charge Reserve Funds

Development Charges are used to pay for growth related infrastructure and any associated debt servicing costs. The City's proposed 2020 Capital Budget has been updated with the most current Development Charge Background Study rates and reflects the recommended investment in new and existing infrastructure to support the City's planned growth.

The required draws from DC Reserves for 2020 are projected to be \$125.1 million. These draws assume that DC eligible expenditures will be funded with cash, directly from the DC Reserves. However, DC Reserves are currently in a deficit position and with revenues not coming in at the expected rate thus far, the deficit balance is expected to increase considerably in the near term. This creates pressure on the City's cash position. It is important to maintain offsetting positive reserve balances across the rest of the City's reserve portfolio in order to maintain adequate working capital for projects and operations.

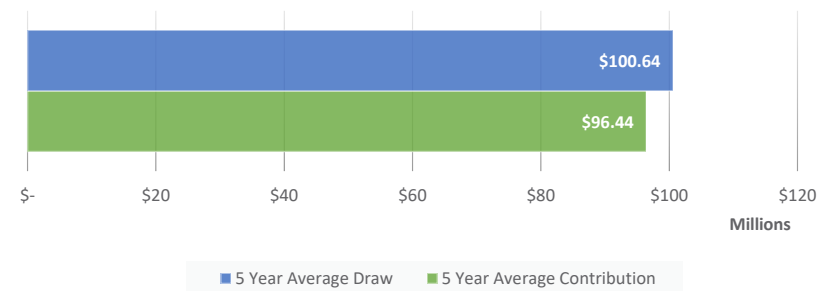
For the 5 year forecast starting in 2020, it is projected the City will be drawing \$393.6 million from the DC reserves to directly cash flow capital projects. Major projects planned during this period include the construction of the new Barrie-Simcoe Emergency Services Campus (expected completion early 2020); two new highway 400 crossings – Harvie Road and McKay; and building new watermain infrastructure and road expansion on Mapleview Drive and Lockhart Road.

Existing annual debt payments associated primarily with the Water plant, Wastewater plant expansion, and the Bio-solids facility, will be drawing \$109.5 million from DC reserves for the forecasted period.

Based on current development activity and projections from the development community, DC revenues for 2020 are projected to reach \$62.7 million. DC revenues are identified in the accompanying table and the 5 year total is \$482.2 million.

In 2014, the City signed a Memorandum of Understanding (MOU) with a number of developers related to development within the Salem and Hewitt's Secondary Plan lands. Included in the MOU are funding options which include entering into Development Charge Credit Agreements. Under such agreements, the developers would build and finance some of the needed growth infrastructure. Developers would receive development credits for the value of the work completed.

Development Charge Reserves 5 year Average Draw and Contribution



Development Charge Reserves Committed and Forecasted Draws



DC Reserve	2020	2021	2022	2023	2024
Beginning Balance	\$ (36,026,309)	\$ (98,415,153)	\$ (60,568,563)	\$ (39,129,416)	\$ (41,300,579)
Draws: Previous Commitments	\$ (68,813,785)				
Draws: 2020 Business Plan	\$ (37,407,159)	\$ (39,663,953)	\$ (73,976,479)	\$ (82,798,015)	\$ (90,988,461)
Debt Servicing Cost	\$ (18,911,139)	\$ (20,074,461)	\$ (21,778,624)	\$ (22,329,939)	\$ (26,449,475)
Contributions: 2020 Business Plan	\$ 62,743,239	\$ 97,585,004	\$ 117,194,250	\$ 102,956,791	\$ 101,718,988
Fully Committed Reserve Balance	\$ (98,415,153)	\$ (60,568,563)	\$ (39,129,416)	\$ (41,300,579)	\$ (57,019,527)

Tax Capital Reserve

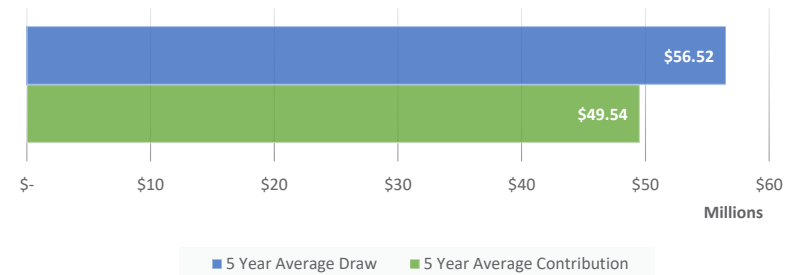
The Tax Capital Reserve is the main funding source for all tax-supported, non-growth related capital work. This includes, but is not limited to, renewal work on roads, storm sewers/ponds, parks, facilities, landfill, as well as many strategic projects. The Tax Capital Reserve is also used to fund the non-Development Charge eligible portion of growth projects, often referred to as benefit to existing.

The 2020 contribution to the Tax Capital Reserve is driven by the Reserve and Reserve Fund Management Policy which was updated in 2015 to include an annual contribution equivalent to a 1% increase on the typical residential property tax bill; this contribution is referred to as the Dedicated Infrastructure Renewal Fund. Other components of the contribution include 20% of the Barrie Hydro Holdings Dividend, as well as an amount earmarked for active transportation projects for 2020 as outlined in Council motion #19-G-190. In addition, the projected contribution to the Tax Capital Reserve includes the forecasted revenue commitments made by the development community through the MOU. This financial commitment is based on the type of unit being built and is payable at building permit. It is expected the City will have collected \$40 million by 2022. These additional revenues will be used to fund growth related projects that are ineligible for Development Charge funding. However, there is a risk that a portion of the \$40 million will not be collectable. This would put further pressure on the Tax Capital Reserve unless the projects associated with these developer contributions are cancelled.

The tax based contribution for the proposed 2020 budget, has increased by \$2.7 million for a total contribution of \$37.9 million. Over the next 5 years starting in 2020, the total contribution to the Tax Capital Reserve is forecasted at \$247.6 million, including the MOU capital contribution.

Including previous commitments, the proposed 2020 Capital Plan draws a total of \$282.6 million from the Tax Capital Reserve. Some of the larger projects included in the plan are the final costs associated with the construction of the new Barrie-Simcoe Emergency Services Campus, Allandale neighbourhood reconstruction in compliance with the Historic Neighbourhood Strategy and the new road construction on Harvie Road to north of Caplan.

Tax Capital Reserve 5 year Average Draw and Contribution



Tax Capital Charge Reserve Committed and Forecasted Draws



Tax Capital Reserve	2020	2021	2022	2023	2024
Beginning Balance	\$ 46,003,152	\$ 13,567,733	\$ 26,872,840	\$ 29,277,485	\$ 21,790,288
Draws: Previous Commitments	\$ (43,062,546)				
Draws: 2020 Business Plan	\$ (36,064,112)	\$ (40,296,193)	\$ (51,685,305)	\$ (52,775,257)	\$ (58,732,639)
Contributions: MOU Capital	\$ 8,790,969	\$ 13,310,000	\$ 11,288,414	\$ -	\$ -
Contributions: 2020 Business Plan	\$ 37,900,269	\$ 40,291,301	\$ 42,801,535	\$ 45,288,060	\$ 48,005,344
Fully Committed Reserve Balance	\$ 13,567,733	\$ 26,872,840	\$ 29,277,485	\$ 21,790,288	\$ 11,062,993

Water Capital Reserve Fund

The Water Capital Reserve is used to fund water rate supported growth and asset renewal related capital works (e.g. replacement of water pipes). The Water Capital Reserve is projected to have a balance of \$13.0 million at the end of 2020, which represents a reduction of \$6.6 million compared to 2019.

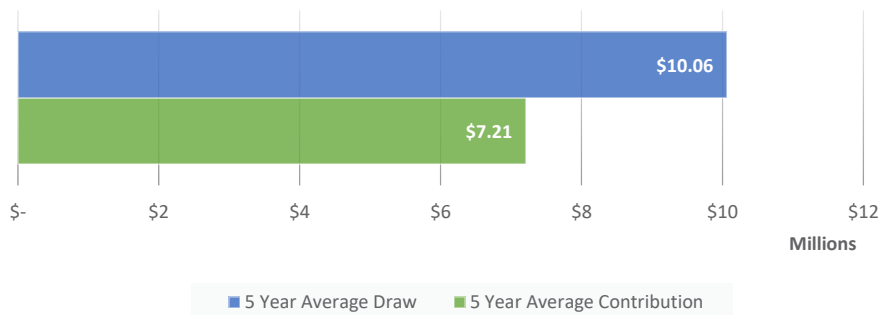
Over the period 2020 to 2024, including previous commitments, the total draws from the Water Capital Reserve are forecasted to be \$50.3 million. Some of the largest projects funded from the Water Capital Reserve are the watermain construction from Lampman to Anne, the watermain lining program, and the PRV chamber replacement program.

In the same 5 year period, total contributions are forecasted at \$36 million.

Water Capital Reserve Committed and Forecasted Draws



Water Capital Reserve 5 year Average Draw and Contribution



Water Capital Reserve	2020	2021	2022	2023	2024
Beginning Balance	\$ 19,583,953	\$ 13,023,227	\$ 14,308,642	\$ 11,195,642	\$ 7,320,420
Draws: Previous Commitments	\$ (7,484,990)				
Draws: 2020 Business Plan	\$ (5,920,730)	\$ (5,706,363)	\$ (10,263,723)	\$ (11,332,253)	\$ (9,613,403)
Contributions: 2020 Business Plan	\$ 6,844,996	\$ 6,991,778	\$ 7,150,723	\$ 7,457,031	\$ 7,606,172
Fully Committed Reserve Balance	\$ 13,023,227	\$ 14,308,642	\$ 11,195,642	\$ 7,320,420	\$ 5,313,190

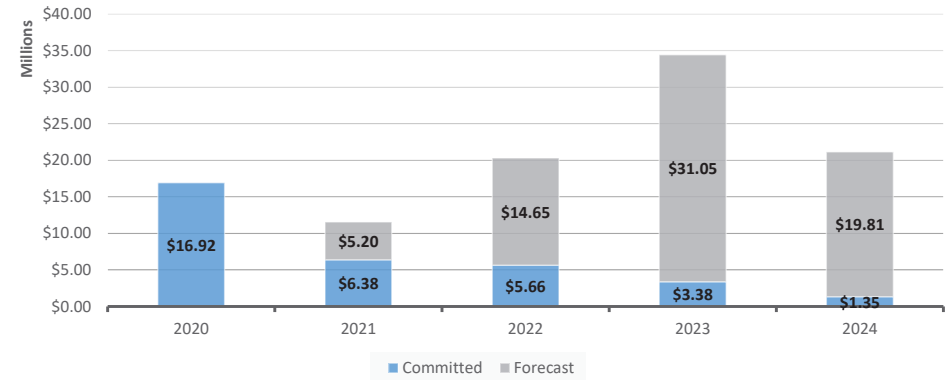
Wastewater Capital Reserve Fund

The Wastewater Capital Reserve is used to fund wastewater rate supported growth and asset renewal related capital work (e.g. replacement of sewer pipes). The Wastewater Capital Reserve is projected to have a balance of \$33.7 million at the end of 2020.

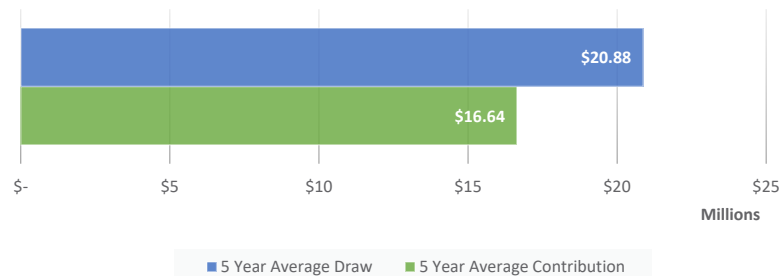
Over the 5 year forecast period, including previous commitments, the total draws from the Wastewater Capital Reserve are forecasted to be \$104.4 million. Some of the main projects funded from the Wastewater Capital Reserve included in the 2020 Capital plan are the advanced nutrient removal system, biosolids storage upgrades, and the wastewater peak flow attenuation facility.

Over the same 5 year period, total contributions are forecasted at \$83.2 million.

Wastewater Capital Reserve Committed and Forecasted Draws



Wastewater Capital Reserve 5 year Average Draw and Contribution



Wastewater Capital Reserve	2020	2021	2022	2023	2024
Beginning Balance	\$ 34,656,697	\$ 33,697,693	\$ 38,530,489	\$ 34,823,409	\$ 17,340,242
Draws: Previous Commitments	\$ (11,220,270)				
Draws: 2020 Business Plan	\$ (5,700,017)	\$ (11,576,944)	\$ (20,311,754)	\$ (34,426,883)	\$ (21,161,623)
Contribution: 2020 Business Plan	\$ 15,961,284	\$ 16,409,740	\$ 16,604,675	\$ 16,943,716	\$ 17,282,590
Fully Committed Reserve Balance	\$ 33,697,693	\$ 38,530,489	\$ 34,823,409	\$ 17,340,242	\$ 13,461,210

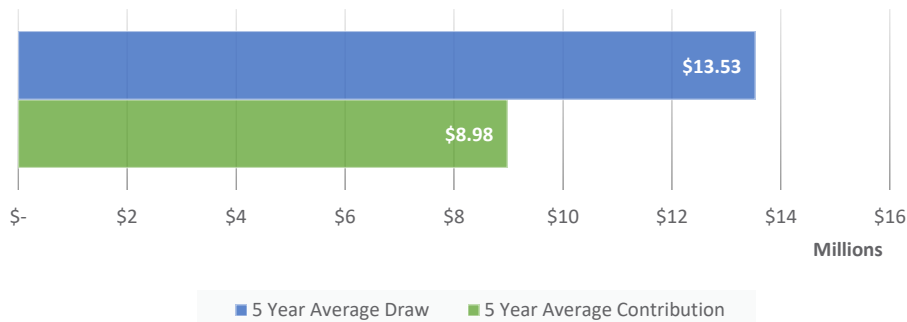
Federal Gas Tax Reserve

The Federal Gas Tax has been committed as a permanent transfer to municipalities. In addition to the amount allocated in the capital budget, Federal Gas Tax funds are being utilized in the operating budget for GIS data strategy and acquisition, roads lifecycle works, stormwater pond maintenance, etc. The City works towards an optimal balance between capital and operating when allocating the funding, which can be used up to 5 years after transfer to the municipality.

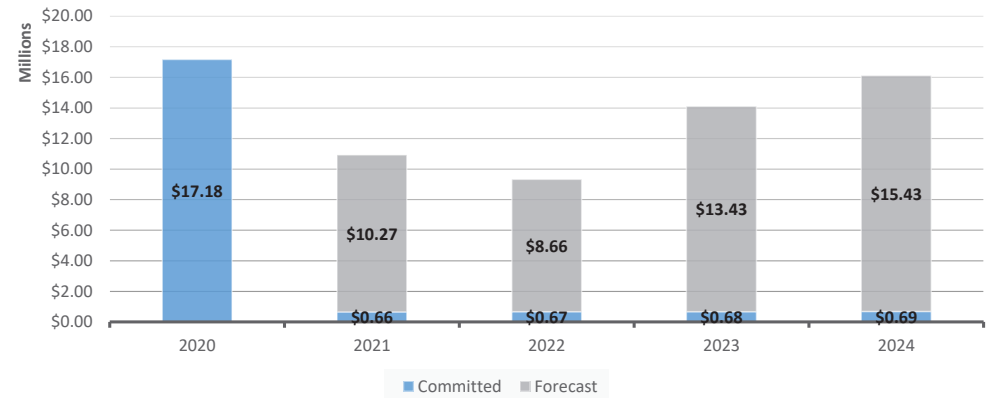
Including previous commitments, the total draw from this reserve between 2020 and 2024, is projected to be \$67.6 million. The most significant commitment of \$29.5 million over the next 5 years is the Road Resurfacing Program to restore and preserve road pavement condition at various locations selected each year. Other large projects funded from the Federal Gas Tax in the 2020 Capital Plan are the Dunlop Street Road Reconstruction and the end of life pavement replacement program.

Over the same 5 year period, expected contributions are forecasted at \$44.9 million.

Federal Gas Tax Reserve 5 year Average Draw and Contribution



Federal Gas Tax Reserve Committed and Forecasted Draws



Federal Gas Tax Reserve	2020	2021	2022	2023	2024
Beginning Balance	\$ 14,800,389	\$ 6,203,168	\$ 4,252,414	\$ 3,901,488	\$ (846,700)
Draws: Previous Commitments	\$ (11,094,011)				
Draws: 2020 Business Plan	\$ (6,084,360)	\$ (10,921,956)	\$ (9,322,128)	\$ (14,109,442)	\$ (16,116,905)
Contributions: 2020 Business Plan	\$ 8,581,150	\$ 8,971,202	\$ 8,971,202	\$ 9,361,254	\$ 9,000,000
Fully Committed Reserve Balance	\$ 6,203,168	\$ 4,252,414	\$ 3,901,488	\$ (846,700)	\$ (7,963,605)

Fleet Replacement Reserve

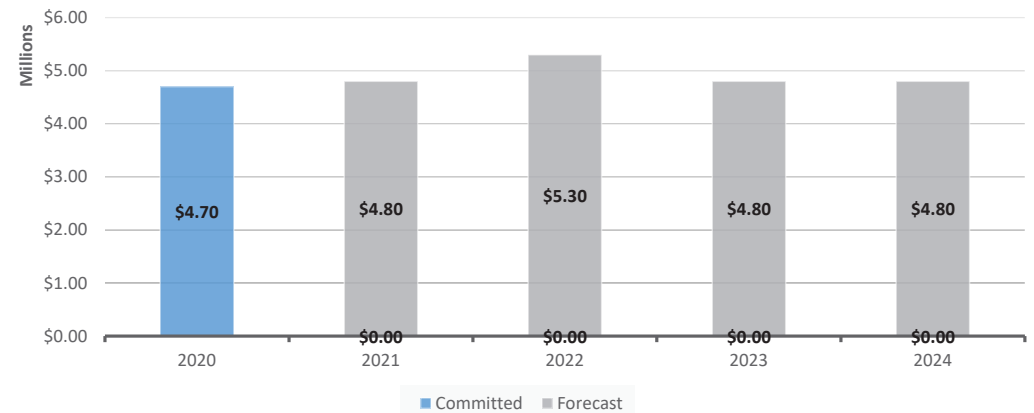
The Fleet Replacement Reserve was established in 2019 in order to build up a sustainable funding source to renew the City's aging fleet. The City will explore both financing and outright cash purchase options when acquiring new vehicles.

This reserve will receive seed funding from existing capital reserves (Tax, Water, and Wastewater) over the next four years of \$3 million annually. Additional annual contributions will also come from operating budgets in Tax, Water and Wastewater to establish an adequate reserve balance for the future funding requirements.

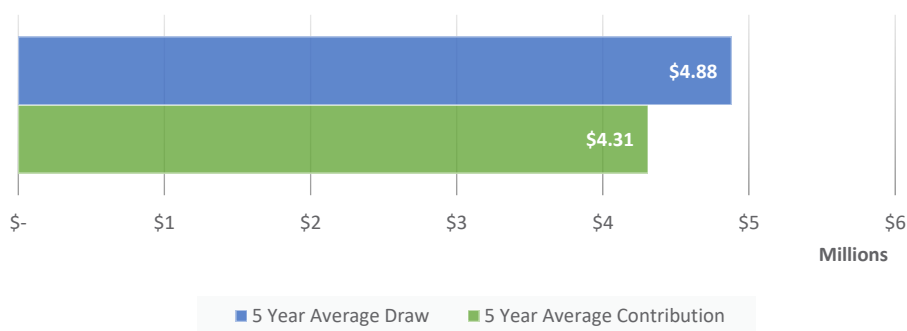
The Fleet Replacement Reserve is projected to have a balance of \$2.3 million at the end of 2020. From 2020 to 2024 the total draws are forecast to be \$24.4 million. Over the same 5 year period, total contributions are forecast at \$21.6 million.

For 2020 it is expected \$3 million of vehicles will be financed over 5 years, and \$3 million will be purchased outright.

Fleet Replacement Reserve Committed and Forecasted Draws



Fleet Replacement Reserve 5 year Average Draw and Contribution



Fleet Replacement Reserve	2020	2021	2022	2023	2024
Beginning Balance	\$ 3,010,000	\$ 2,320,000	\$ 1,980,000	\$ 1,590,000	\$ 2,150,000
Draws: Financing	\$ (1,200,000)	\$ (1,800,000)	\$ (1,800,000)	\$ (1,800,000)	\$ (1,800,000)
Draws: Capital Purchase	\$ (3,500,000)	\$ (3,000,000))	\$ (3,500,000)	\$ (3,000,000)	\$ (3,000,000)
Contributions: Capital	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Contributions: Operating	\$ 1,010,000	\$ 1,460,000	\$ 1,910,000	\$ 2,360,000	\$ 2,810,000
Fully Committed Reserve Balance	\$ 2,320,000	\$ 1,980,000	\$ 1,590,000	\$ 2,150,000	\$ 160,000

Rate Stabilization Reserves

The Rate Stabilization Reserves arise from the City's operation management. The City of Barrie has three Rate Stabilization Reserves: Tax Rate Stabilization Reserve, Water Rate Stabilization Reserve and Wastewater Stabilization Reserve. Thirty percent of the rate-supported surplus is put into the respective stabilization reserve. These reserves are used to minimize fluctuations in property tax, water and wastewater rates by providing funding for one-time costs, allowing significant pressures to be phased-in.

Some of the planned capital commitments to the Tax Rate Stabilization reserve in 2020 include a storm water utility financial study and water and transportation asset management plans. On the operating side, funding from the reserve is planned to smooth the impact of growth as well as offset a potential decrease in Provincial Offences Act fines revenue and an increase in Legal Services cost.

Community Benefit Reserve

The Community Benefit Reserve was established in 2017 to fund projects and initiatives deemed to have significant strategic and / or community benefit. It is funded by 80% of the dividends received from Barrie Hydro Holdings Inc. (BHHI) to a maximum balance of \$10 million.

The contribution to the reserve is estimated at \$27.1 million in total for the period 2020 – 2024, with an annual contribution of approximately \$5 million. There are two significant capital projects funds from the Community Benefit Reserve in the 2020 capital plan; the Fisher Auditorium Redevelopment, and the Georgian College – Advanced Technology, Innovation and Research Centre. In addition, staff have recommended allocating funds from this reserve to the Growth Smoothing Strategy beginning in 2020.

Cash-in-lieu Parkland Reserve

The Cash-in-lieu Parkland reserve provides funding for land acquisition, improvement and repair of public parks and places for recreational purposes. Under Section 42 of the Planning Act a municipality may require, as a condition of development, that land be conveyed to the municipality, or the Council may require a payment-in-lieu to the value of the land. In 2018, the City and developers in the Secondary Plan Area entered into a Master Parkland

Agreement, which identified future parkland obligations, land to be conveyed and a shortfall that resulted. Cash-in-lieu contributions were calculated for the shortfall, the majority of which were collected and remain in the reserve in anticipation of land requirements in the near future.

The Cash-in-lieu of Parkland Reserve is likely to be consolidated with a Community Benefit Charge Reserve under *Bill 108 – More Homes, More Choices Act*. However, as we wait for further clarification on Bill 108 the ending balance of the Cash-in-lieu Parkland Reserve is projected to have a positive balance. The park asphalt replacement and marking program is planned to be supported by the reserve, along with capital playground revitalization and park washroom rehabilitations programs.

Cash-in-lieu Parkland	2020	2021	2022	2023	2024
Beginning Balance	\$ 11,057,133	\$ 11,331,160	\$ 12,742,519	\$ 13,618,857	\$ 13,938,849
Draws: Previous Commitments	\$ (908,920)				
Draws: 2020 Business Plan	\$ (630,575)	\$ (652,163)	\$ (973,663)	\$ (1,530,008)	\$ (374,600)
Contributions: 2020 Business Plan	\$ 1,813,522	\$ 2,063,522	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000
Fully Committed Reserve Balance	\$ 11,331,160	\$ 12,742,519	\$ 13,618,857	\$ 13,938,849	\$ 15,414,249



Strategic Priorities Reserve

This reserve is used to fund strategic priorities that exceed the \$25 thousand that is planned in the operating budget.

The balance of the Strategic Priorities reserve is forecast to be \$1.8 million at the end of 2020. Currently the outstanding commitments to the Strategic Priorities reserve include the Fisher Auditorium re-development.

The reserve does not have a designated annual funding source.

Tourism Reserve

The Tourism Reserve was established in 2018 to support the tourism sector in the City of Barrie by funding strategic initiatives and marketing campaigns consistent with the City's Tourism Master Plan, and the refurbishment and construction of new capital assets that support tourism. The main revenue source of the reserve is the City of Barrie's portion of the Municipal Accommodation Tax (MAT) in the amount of 4% of room rates for overnight accommodation at hotels, motels and inns, which took effect as of January 1st, 2019.

The ending balance of the Tourism reserve is estimated to be a little over \$0.5 million at the end of 2020. The forecasted contribution includes the City's 50% portion of the collected municipal accommodation tax next year, estimated at \$607 thousand, in addition to the savings from the annual contribution to Tourism Barrie. Funding for the Tourism Master Plan, enhancement and increases for the Downtown Countdown and the Winterfest programming account for the commitments to the Tourism reserve in 2020.



DEBT MANAGEMENT

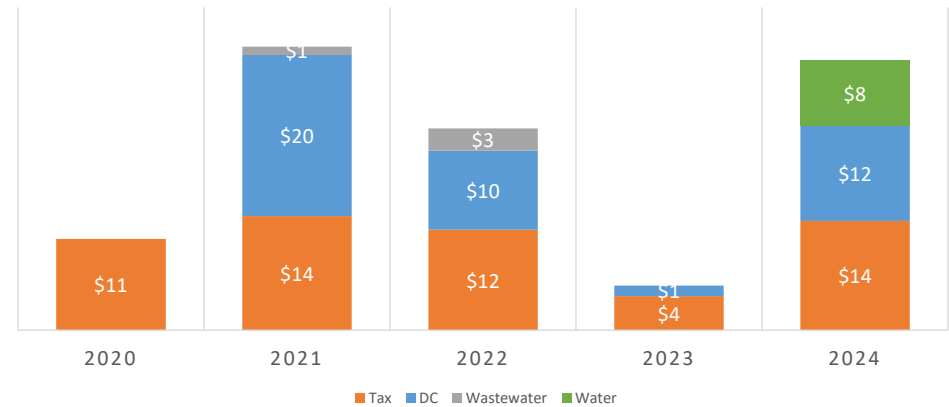
Forecasted Debt Issuance

The City is planning to issue \$11.3 million in debentures in 2020 for the projects listed in the table below. This plan reflects best estimates at the time of the budget preparation and is subject to change based on market conditions and financial requirements of the City.

Project	2020
Centennial Park Expansion	\$2,481,165
Cundles Rd. E:Duckworth Living	\$1,129,352
Duckworth St-Bernick to Cundles	\$2,515,240
Dunlop and Tiffin/Miller Intersection Improvements	\$1,049,716
LED Street Light Conversion	\$970,216
Memorial Park (Construction)	\$1,049,749
Mulcaster St Storm Outlet	\$1,125,000
Sanitary Servicing - Royal Oak, Bay, Cottage	\$1,000,000
Total	\$11,320,438

The graph below provides the forecasted annual debenture requirement for each of the next 5 years by funding source. This forecast is based on the proposed capital plan and anticipated reserve levels. Variation in the plan and/or available funding will impact the amount of debt ultimately issued.

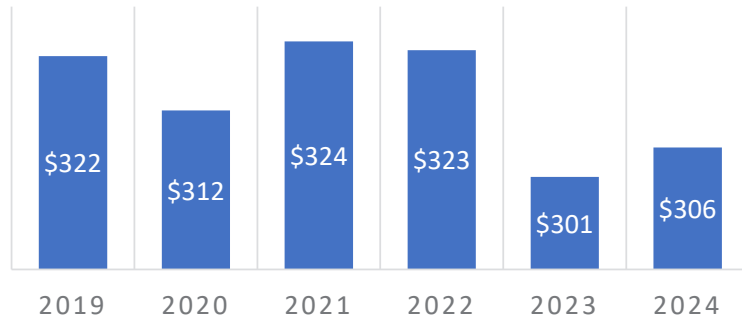
Projected Annual Debenture Issuance by Funding Source (\$ millions)



Forecasted Debt Levels

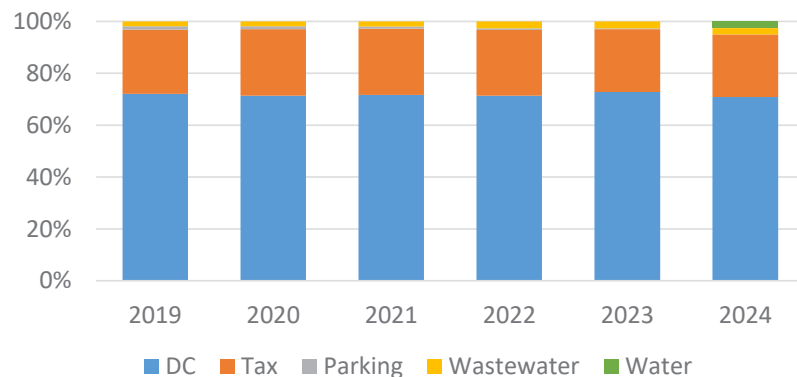
The chart below shows the anticipated debt balance for the next 5 years including the existing debt. The balance is expected to increase to a peak of \$324 million in 2021 as the legacy debt is being issued before declining to \$301 million as we near the maturity year of the 15-year debenture issued in 2009.

Forecasted Debt Levels Per Year (\$ millions)



The following chart shows the funding mix of the anticipated debt liability.

Forecasted Debt Levels by Funding Source

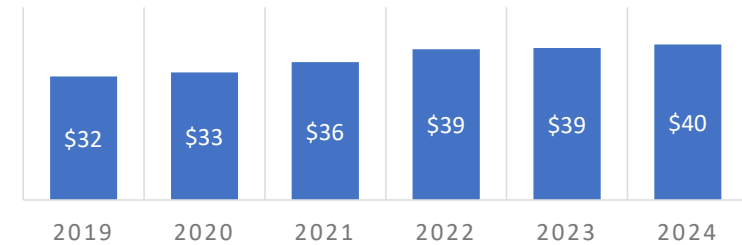


Growth related debt is expected to decrease from 72% to 71% over the next 5 years and tax funded debt will decrease by 1% to 24% over the same period.

Expected Debt Servicing Cost

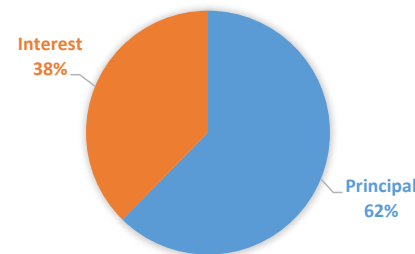
The projected debt servicing cost, which includes existing contractual obligations as well as expected futures cost, is based on market expectations for a downward trend in interest rates against the backdrop of increased risk of contraction in the global economy. It is also dependent upon the assumed amortization, term and structure of the debentures to be issued. The charts below show the expected debt servicing cost by year.

Expected Debt Servicing Cost (\$ millions)

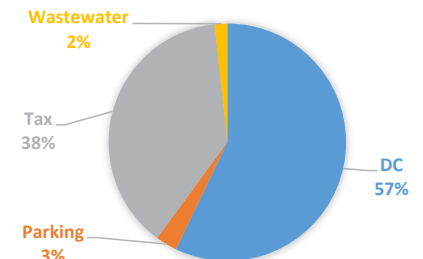


Debt servicing cost is expected to increase by \$1.2 million to \$33.1 million in 2020. Growth related debt accounts for \$45 thousand of the increase in debt servicing cost and \$1.2 million is attributable to tax funded debt. Fifty seven percent (57%) or \$19 million of the 2020 debt servicing cost is funded from development charges and thirty eight percent (38%) or \$12.6 million from tax as shown in the first chart below. The second chart below shows that 62% of the debt servicing cost consist of principal repayment, an increase of 2% year over year. Hence more of the debt servicing cost is going towards principal repayment.

2020 Debt Servicing Cost

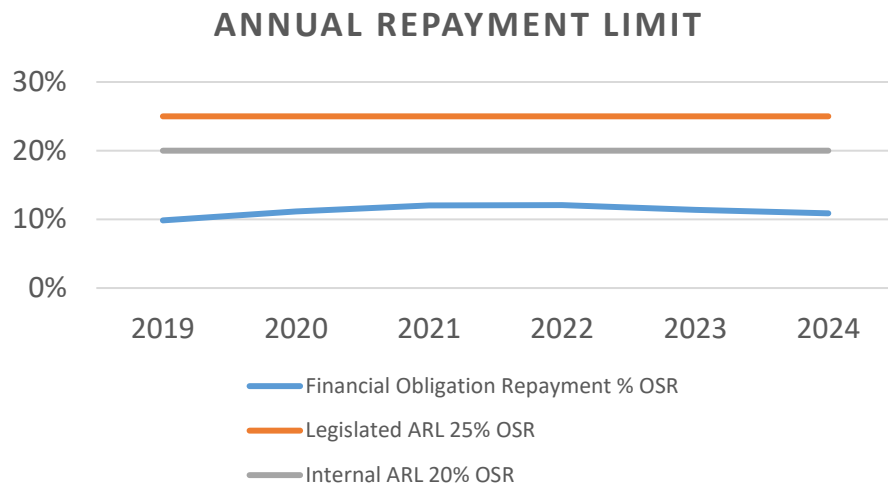


2020 Debt Servicing Cost by Funding Source



Debt Affordability & Policy Guidance

The City's debt policy includes a total annual debt repayment limit (ARL) of 20% of own source revenues (OSR). The chart below shows the percentage of the City's own source revenue allocated to financial obligations, including debt servicing costs and lease obligations, relative to the maximum (20%) permitted by the City's financial policies (Provincial regulations permit 25%). The City is anticipating significant growth and development until 2031, and debt financing is one of the key tools used to ensure the infrastructure is in place to support growth. However, as shown in the chart, the City will remain within its total annual repayment limit each year.



Standard and Poor's (S&P), a financial services company that offers services including credit ratings, data analysis and equity research to both the private and public sectors worldwide, recently affirmed the City's AA rating with a stable outlook.

Sustainability

Sustainability is the degree to which the City can maintain existing programs and meet existing creditor requirements without increasing its debt or tax burden. The rate of population growth has placed more demands on services and capital expenditures. These growth-related capital demands cannot be fully funded by the City's own-source revenues. Some of the City's debt related ratios are improving; however, debt financing will continue to be a necessary tool for financing the City's capital plan.

The "Total Debt per Household" measure is not reflective of the amount residential taxpayers will be required to contribute toward repayment of debt principal. This measure is simply a way of describing the City's debt relative to the size of the community.

With the anticipated increase in debt over the next few years these measures may become less favourable. At this time, the greatest risk is associated with liquidity as a result of overcommitted reserves and comparatively high debt. The area with the greatest risk is debt serviced from development charges as development charge reserve funds are currently in a deficit position. While there are currently no specific indications growth will not ultimately occur, growth has been slower than initially planned, and this has put pressure on the City's other reserves.

Sustainability Measures	2012	2013	2014	2015	2016	2017	2018	2019 Forecast	2020 Budget
Financial Assets to Liabilities	0.48	0.53	0.57	0.52	0.62	0.72	0.72	0.72	0.76
Debt to Total Revenue	0.86	0.94	0.85	0.78	0.91	0.88	0.77	0.84	0.78
Debt to Reserves	2.13	2.38	2.22	2.34	2.37	2.32	1.97	2.51	1.92
Debt per Household	\$5,047	\$5,453	\$5,423	\$5,488	\$5,825	\$5,739	\$5,394	\$6,143	\$5,896

Flexibility

Flexibility is the degree to which the City can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden. As the data in the following table shows, the municipal taxes as a percentage of household income is still within the range of the City's affordability target of 4%.

Flexibility Measures	2012	2013	2014	2015	2016	2017	2018	2019 Forecast	2020 Budget
Debt Charges to Total Revenue	6.48%	7.52%	7.36%	6.68%	7.48%	6.26%	7.80%	7.53%	8.08%
Municipal Taxes as a % of Household Income	3.50%	3.64%	3.55%	3.60%	3.68%	3.75%	3.93%	3.91%	3.76%
Total Municipal Revenue to Taxable Assessment	1.95%	1.82%	1.96%	1.95%	1.77%	1.76%	1.71%	1.67%	1.66%



Vulnerability

Vulnerability is the degree to which a government becomes dependent on (and therefore vulnerable to) sources of funding outside its control. The City's reliance on funding from both the Provincial and Federal levels of government, including Federal and Provincial gas tax revenues, has been relatively stable since 2012. The operating programs that these revenues support are primarily transit, road and storm drainage renewal activities, lifecycle activities, capacity building, and landfill re-engineering. The risk of increased reliance on funding from other levels of government is that the City does not directly control or influence the amount or timing of such revenues.

As depicted in the table below, MTO funding in relation to the Duckworth-Cundles interchange impacted the City's vulnerability measures from 2014 to 2016, dropping off in 2017. A significant source of funding was then included in 2018 and the 2019 forecast for projects approved under the Clean Water Wastewater Fund (CWWF) Grant Program. For 2020, a significant source of provincial funding is expected for the Harvie Road and Big Bay Point Road New Crossing project.

Vulnerability Measures	2012	2013	2014	2015	2016	2017	2018	2019 Forecast	2020 Budget
Government Transfers to Total Revenue	5.0%	6.1%	5.9%	6.4%	7.6%	5.1%	6.5%	6.2%	6.0%