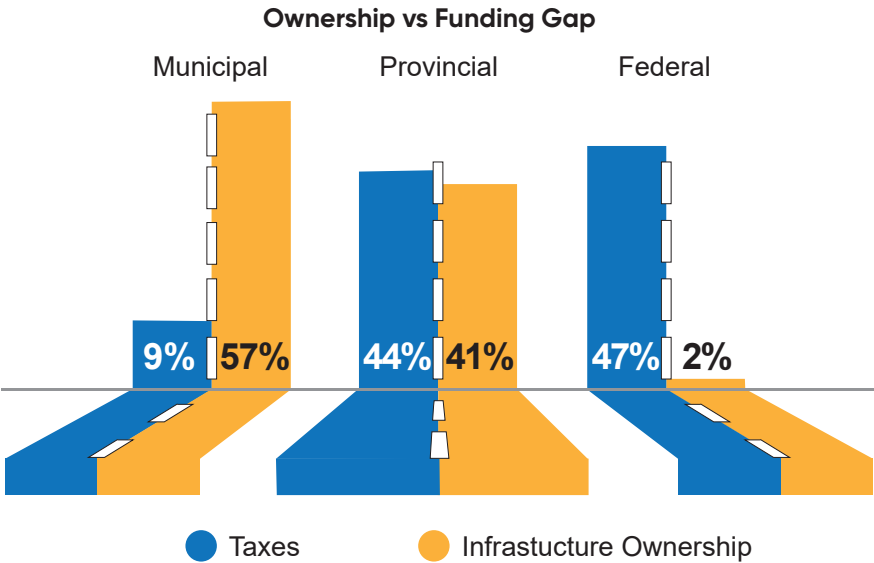


BUDGET AND FINANCIAL OVERVIEW

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 57% of the capital infrastructure, while the Provincial Government owns 41% of Infrastructure and the Federal Government only 2%.

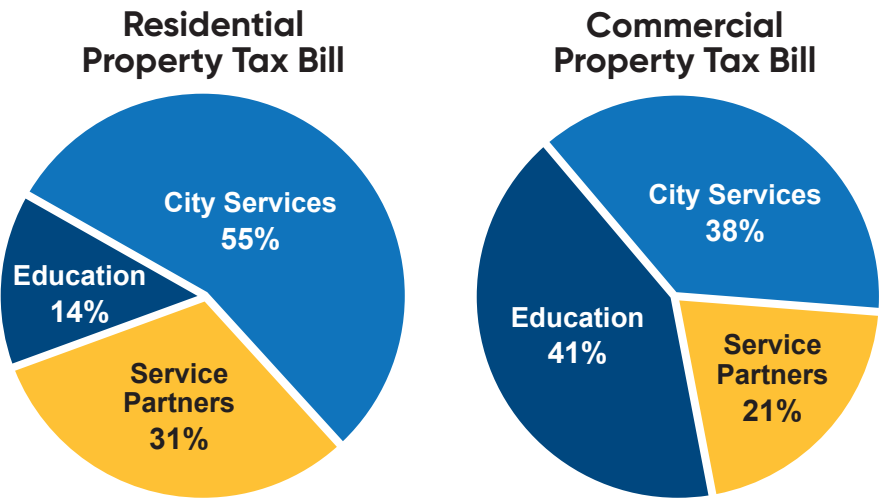


Allocation of Property Tax Bill – City Programs, Service Partners and Education

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, others two tier — focusing on the total tax bill provides for apples to apples comparisons.

In 2019, for a typical home assessed at \$336,000, the proposed residential property tax bill increase of \$141 annually (to \$4,424) will fund the following programs: City Services \$2,456 (55%), Education \$598 (14%), and Service Partners \$1,370 (31%). The education portion is determined by the Province of Ontario and for 2019 it is assumed there will be no change to the rate.

The typical commercial property owner contributes 41% of their tax dollar to education compared to a 14% 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.

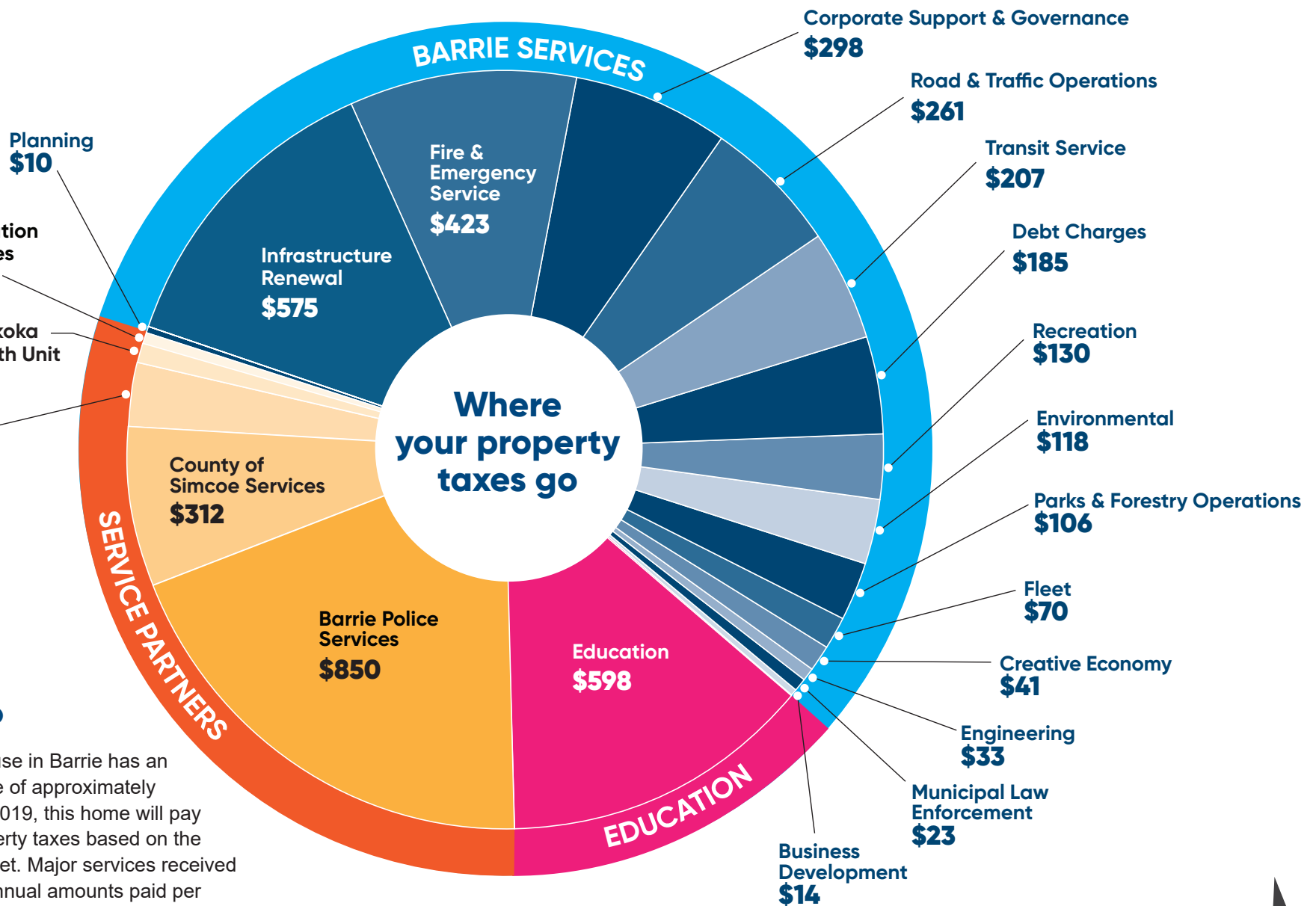


How Your Property Tax Dollars are Spent

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 on a road, in a car or a City of Barrie bus, 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 them, knowing if they need these services they are available 24 hours a day, 7 days a week. 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 \$4,424.





Where Your Property Taxes Go

The typical house in Barrie has an assessed value of approximately \$336,000. In 2019, this home will pay \$4,424 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.



Police Services –\$850

- Barrie Police Service is committed to community safety and well-being by working in partnership with the community in law enforcement, emergency response, assistance to victims of crime and crime prevention.
- Averaged over 62,000 calls for service per year over the last five years to the residents of the City of Barrie.
- Provide highly trained and motivated sworn officers (241), civilian members (115) and auxiliary office (30) in areas of front-line patrol, community response, criminal investigations, court services and specialized support services.



Fire & Emergency Services – \$423

- Barrie Fire and Emergency Service (BFES) provides an all hazards emergency service within a diverse urban centre.
- Provide Fire, Advanced Medical, 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.
- Provide emergency communications service for over 20,000 incidents across 20 municipalities serving a population of almost 500,000.
- Comprehensive Public Education, Fire Safety and Code Enforcement programs focused on reducing our community risk.



Roads & Traffic Operations –\$261

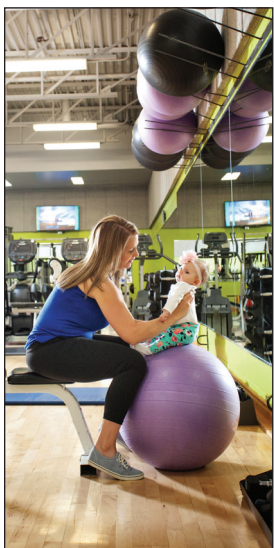
- Snow removal and maintenance of 1,575 lane kilometres of roads, 698 kilometres of sidewalks and 22 bridges.
- Maintenance of:
 - 149 kilometres of ditches
 - 677 kilometres of storm sewers
 - 106 kilometres of watercourses, 20.4 kilometres of culverts, and 94 detention ponds
 - 536 kilometres of wastewater 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 –\$207

- 3.6 million conventional and 51,000 specialized transit trips annually.
- 195,000 transit vehicle in-service hours with 30-minute frequencies during peak periods and extended service hours to increase GO train connections.





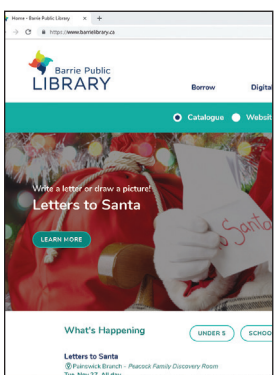
Recreation –\$130

- 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 2.0 million participant visits at 3 multi-use community centres.



Libraries –\$130

- 2 library locations.
- 6,600 annual service hours.
- 3.3 million annual library engagements, 1.5 million electronic library engagements.
- 460,000 annual library visits (40,000 active borrowers).
- 33,500 annual program attendance.
- No membership or user fees for Barrie residents.
- Access to computer workstations, wireless internet, multilingual and special collections, community meeting spaces.
- Services include online databases, courses, downloadable ebooks and multimedia, Information Barrie.



Environmental Operations –\$118

- Over 40,000 single family residences receive bi-weekly garbage collection, weekly organics collection, weekly blue and grey box collection and 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, weekly organics collection and 34 weeks of yard waste collection.
- Implementation of the multi-residential organics and municipally provided front end garbage collection program by the end of 2019.
- Public Access to the City landfill 5 days per week, Tuesday to Saturday (9am to 4pm).
- Hazardous household waste drop-off at no charge on Saturdays.



Parks & Forestry –\$106

- 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 splash pads.
- Maintenance of 452 planting beds (shrubs, perennials and annuals) and 183 planters (concrete or reservoir).



Creative Economy –\$41

- Organized launch of new Meridian Place venue downtown, piloting events and programming in the new space with more than 5,000 attendees engaged, including the Vimy Soil Dedication Ceremony and an enhanced Remembrance Day Celebration.



- Hosted annual Celebrate Barrie, Canada Day and Winterfest events, with expanded programming attracting more than 120,000 people.

- Offered 5 multi-week startup acceleration programs in different sectors with over 120 entrepreneurs participating, organized the 2018 Manufacturing Innovation Summit engaging over 200 manufacturers, and organized 28 events in the downtown engaging businesses and growing the downtown creative hub.



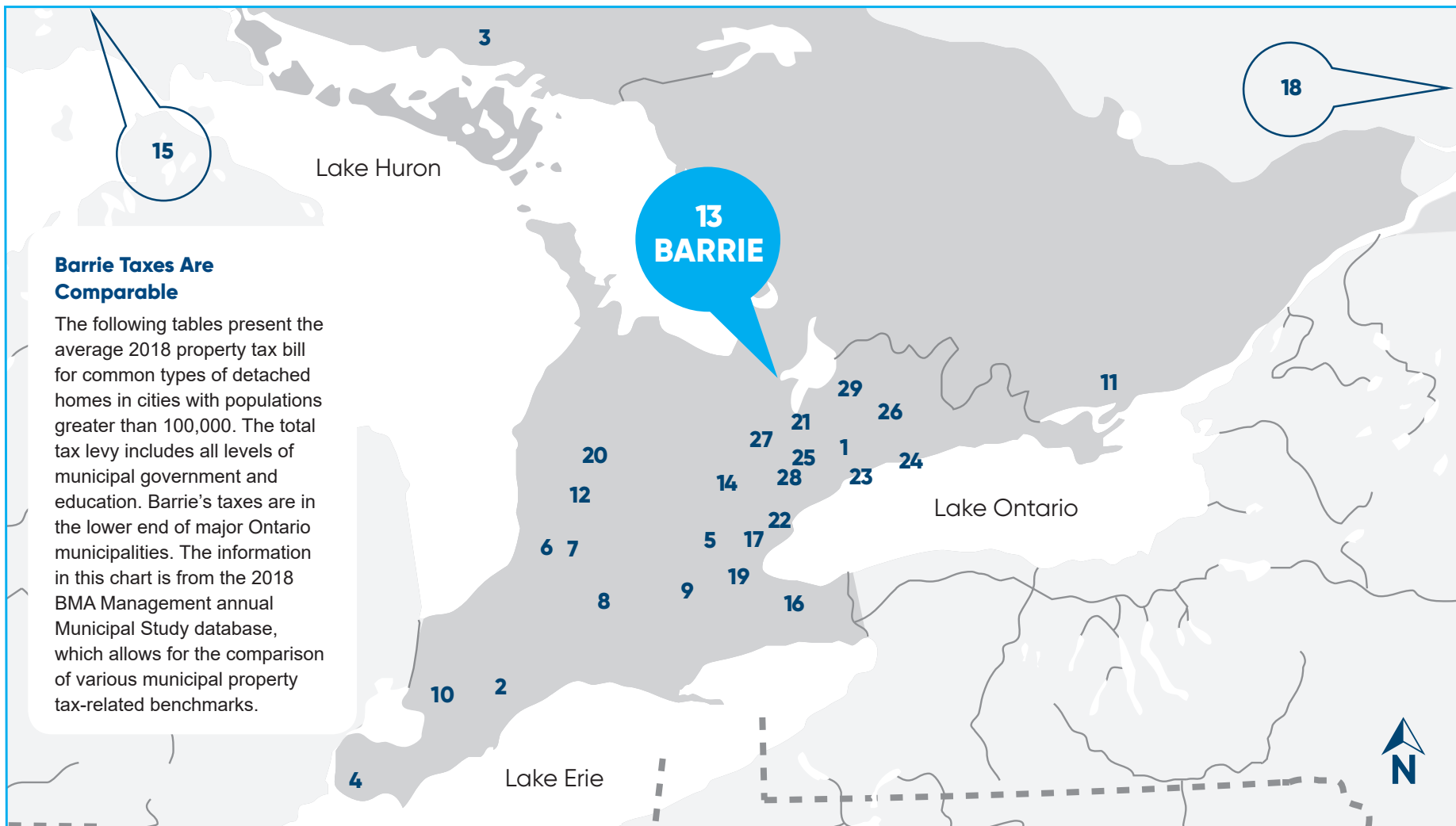
- Continued to drive utilization of the theatres; Five Points Theatre – days of use: 160, Georgian Theatre – days of use: 148.
- Launched Mayor's Innovation Awards program to recognize innovation leaders in the community.
- Held 8 free arts drop in workshops for youth, covering music, film, theatre, fine arts and photography with 80 participants.



Your tax bill also includes services provided by the County of Simcoe – \$312

- Paramedic Services – \$100
- Long Term Care – \$15
- Social Housing – \$111
- Ontario Works – \$48
- Children & Community Services – \$38





MUNICIPALITY	DETACHED BUNGALOW
1 Toronto (East)	\$3,093
2 Chatham-Kent	\$3,136
3 Greater Sudbury	\$3,178
4 Windsor	\$3,244
5 Milton	\$3,354
6 Waterloo	\$3,411
7 Kitchener	\$3,478

MUNICIPALITY	DETACHED BUNGALOW
8 Cambridge	\$3,495
9 Brantford	\$3,589
10 London	\$3,628
11 Kingston	\$3,633
12 Guelph	\$3,638
13 BARRIE	\$3,687
14 Toronto (West)	\$3,730

MUNICIPALITY	DETACHED BUNGALOW
15 Thunder Bay	\$3,752
16 St. Catharines	\$3,783
17 Burlington	\$3,856
18 Ottawa	\$4,094
19 Hamilton	\$4,135
20 Brampton	\$4,185
21 Richmond Hill	\$4,405

MUNICIPALITY	DETACHED BUNGALOW
22 Oakville	\$4,422
23 Whitby	\$4,446
24 Oshawa	\$4,477
25 Toronto (North)	\$4,485
26 Mississauga	\$4,619
27 Vaughan	\$4,623
28 Toronto (South)	\$5,368
29 Markham	\$5,974

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
- New investment and service recommendations
- Service partner budget requests
- Debt management
- Reserve management
- Dedicated Infrastructure Renewal Fund

	2019 Budget	Tax Rate Impact
Prior Year – Net Operating Expenditures funded by property taxes	\$ 228,407,789	
Maintain service levels for current City Operations	\$ 1,300,013	0.52%
Investment & Service Recommendations (legislated)	\$ 212,232	0.08%
Investment & Service Recommendations	\$ 869,322	0.35%
Total City Operations	\$ 2,381,567	0.95%
Service Partner Budget Requests	\$ 3,820,841	1.53%
Debt Management	\$ 2,008,551	0.80%
Reserve Management	\$ 546,986	0.22%
Realized Assessment Growth Benefit	\$ –	-1.20%
Total City & Service Partner Operations	\$ 8,757,945	2.30%
Dedicated Infrastructure Renewal Fund (DIRF)	\$ 2,502,500	1.00%
Current Year - Net Expenditures funded by property taxes	\$ 239,668,234	3.30%

The annual Tax supported operating budget reflects the cost associated with delivering dozens of services to the community. The proposed 2019 tax funded operating budget will require a tax rate increase of 3.30% (\$141) for a typical household.

Gross expenditures will increase by \$13.8 million in 2019. The increase is partially offset from a \$2.9 million increase non-tax revenue sources such as user fees, service charges, passes, memberships, licences, and permits. The following table outlines the major contributors to the proposed 2019 tax rate increase.



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. Revenue changes also can impact the net cost to deliver existing services. In an effort to mitigate increasing costs, staff look for efficiencies and process improvements, as well as new sources of revenue.

The net cost to maintain current services levels in 2019, including the annualized cost of implementing decisions from prior years, is \$1.3 million. Year-over-year changes to budgets for both expenditures and revenues contribute to the net increase in costs.

Expenditures

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. The Canadian Union of Public Employees (CUPE) contract expired on December 31, 2017 and was successfully re-negotiated in 2018 for a three year term ending December 31, 2020. The Barrie Professional Fire Fighters Association (BPFFA) contract expires on December 31, 2018 and it is expected that negotiations with the BPFFA will commence shortly with the intention of negotiating an agreement for 2019 and future years. Budgeted labour costs have been calculated to reflect the obligations set out in the CUPE collective agreement, anticipated costs for BPFFA and a recommended amount for non-union employees including applicable merit increases for all groups. A summary of the increases is shown in the following table:

	2018 Compensation Budget	2019 Compensation Budget	Change \$	Change %
Salaries	90,295,742	93,956,262	3,660,520	4.05%
Benefits	21,831,345	23,106,921	1,275,575	5.84%
Honouraria	424,444	509,079	84,635	19.94%
Capital Recoveries	-5,125,531	-5,898,097	-772,565	15.07%
Salary Gapping	-1,100,000	-1,100,000	0	0.00%
Total Compensation	106,326,000	110,574,165	4,248,165	4.00%

Benefit costs are expected to increase by approximately \$1.3 million for 2019 with the most significant drivers being a 25% rate increase for long term disability, 12.7% rate increase for life insurance, 2.9% increase to cover anticipated escalation of costs for CPP, EI, EHT, accidental death and disability, and a 1% increase for both health and dental. There are no planned rate increases for OMERS.

The provision for salary gapping has been maintained at \$1.1 million for 2019. Salary gapping is a staff management approach to achieve savings 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 increase by \$773 thousand for 2019 to reflect anticipated project management requirements.

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). Contracted services are expected to cost an additional \$1.1 million in 2019. While there are many contracts contributing to the overall increase, some of the more significant changes are listed in the table below:

Contract Type	2019 Budget Increase/(Decrease)
Transit	\$ 388,000
Winter Control	\$ 542,000
Waste Collection	(\$388,000)
Landfill Gas Collection	(\$150,000)
Watercourse Maintenance	\$ 110,000
Sanitary Laterals Pilot	\$ 660,000
Storm Pond Maintenance	(\$420,000)

The cost for the City's P3 transit agreement is expected to increase approximately \$388 thousand for 2019. The increase is the result of an inflationary adjustment (CPI) plus an addition 3,000 hours of transit service to accommodate increased ridership resulting from the U-Pass at Georgian College.

The budget for Winter Control is increasing by \$543 thousand in 2019. The budget has been adjusted for inflation and is based on an examination of 5 year historical actuals noting a trend toward an increasing number of severe weather events. The increase cost is spread across sidewalk clearing (\$277 thousand), road clearing (\$176 thousand), and specialized equipment operation (\$89 thousand).

Various reductions have been made to the Environmental Operations budget for 2019 based on anticipated capacity to deliver projects and historical trending. The budget for waste collection has been reduced by \$388 thousand with the reduction spread across residential collection (\$218 thousand) and multi-residential (\$170 thousand). In addition, the work planned for 2019 in relation to landfill gas collection has been deferred to 2020 resulting in a 2019 budget reduction of \$150 thousand.

Watercourse maintenance and ditching activities will be increased in 2019 at a cost of \$110 thousand in an effort to meet Ministry of Environment and Climate Change standards.

The Sanitary Laterals Pilot project was approved by Council in 2018. The costs associated with the project will be recovered from the wastewater rates and do not impact the tax rate.

The budget for Storm Pond Maintenance has been decreased in 2019 to phase in catch up work deferred in prior years due to weather conditions and vulnerable species activity.

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. Current trending for fuel prices is expected to drive an increase of \$612 thousand in 2019. This reflects an increase from \$0.90 per litre used in 2018 to \$1.12 per litre for 2019.

Prior Period Decisions

Decisions made in prior years to implement new or enhanced services can have impacts on future budgets. In 2019, increased costs for prior year decisions have a pressure of \$97 thousand.

Revenues

The City relies on a diverse set of non-tax revenue sources to support municipal services while mitigating the burden of these services on the tax-base. These revenue sources are expected to generate more than \$55 million in 2019.

User Fees, Service Charges, Passes, Memberships

Revenue from user fees, service charges, passes, and memberships has been increased by \$1.9M in 2019. There are many user fees and service charges administered by various departments across the organization. However, the most significant contributors to the 2019 increase are the Planning, Recreation, and Transit departments.

Recreation expects to realize an addition \$369 thousand in revenue from incremental growth in the volume of memberships, registrations, rental bookings. An additional \$216 thousand is anticipated as a result of user fee increases proposed for 2019.



The Planning department has forecasted revenue growth in several areas for 2019 including: \$114 thousand for site plan applications, \$236 thousand for subdivision and condo fees, and \$372 thousand for rezoning and OP fees. The increase reflects anticipated volumes resulting for growth and modest increase in rates.

Transit is forecasting an additional \$441 thousand in pass revenue based on ridership trends and the launch of the U-Pass program with Georgian College.

Fines and Parking Tickets

Charge volume in the Barrie Court Service area started to decrease in the latter part of 2017 and has continued to decrease in the first part of 2018, specifically with a decrease on average of 33% over the same period (1st eight months) in 2017. This decrease in charge volume is anticipated to result in \$2.4 million decrease in POA fine revenues in 2019. A reduction in revenue will impact not just Barrie, but all partners in the inter-municipal service agreement. The net impact to Barrie is a reduction of \$1.2 million in revenue. A \$600 thousand draw from the tax rate stabilization reserve has been added to the 2019 Court Services budget in order to mitigate the temporary reduction in revenue.

Further mitigating the reduction in fine revenue is a \$253 thousand increase in Parking Ticket revenue. The 2019 budget was developed based on historical trending.

Interfund

Under the service based budget approach, costs are allocated to the services they support regardless of which department controls these costs. Costs related to administration and overhead are allocated to the rate supported services for water, wastewater and parking. In addition, certain costs billed to the City by Service Partners are recovered by user rates where appropriate. Interfund recoveries benefitting the tax levy have increased by approximately \$1.5 million for 2019. The most significant contributors to the increase include a \$600 thousand increase in recoveries from the water fund for stormwater treatment and maintenance costs including various source protection activities and a \$793 thousand increase in recoveries from wastewater to fund the sanitary laterals pilot project approved by Council in 2018.

Draw from Reserves

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 2018 Council approved a \$250 thousand onetime draw from the Landfill Development Reserve to help support landfill operations going “in-house”. This reserve draw has been eliminated for 2019.



2019 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 \$212 thousand to the tax levy, with other service level changes costing an additional \$869 thousand. The following table summarizes each individual new investment:

Sections	Description	Form #	FTE Impact	Temp FTE	2019 Budget Operating	Capital	2020 Forecast Operating	2021 Forecast Operating	2022 Forecast Operating
Legislative	Senior Asset Management Program Coordinator	404		1	123,542		141,594	73,739	–
	Health and Safety Technician	298	1		104,779		111,618	118,525	120,213
	Psychological Health and Safety	378			85,000		45,000	55,000	55,000
	Planner	386	1		92,305	3,859	98,959	106,147	113,529
	Roads Winter Control Optimization	397			60,000		–	–	–
	Legislative Total		2	1	465,626	3,859	397,171	353,411	288,742
	Recovery from Capital				123,542	–	141,594	73,739	–
	Rates				69,853	–	74,412	79,016	80,142
	Contribution from Reserves				60,000	–	–	–	–
Legislative – Net Impact on Tax					212,232	3,859	181,165	200,655	208,600
Other Service Level Changes	Shift Government Project	412			25,000		25,000	25,000	–
	IT Security Program	373	1		216,345		293,719	295,953	298,221
	WwTF Capital Works Position	344	1		117,635		125,323	133,196	141,575
	Project Manager for Fisher Auditorium and Events Centre	367		1	77,105		82,130	–	–
	Tourism MAT Collection Contract Fee	398			–		–	–	–
	Downtown Countdown Programming Supplier Increases	369			20,000		20,300	20,605	20,914
	Winterfest Programming Enhancement	371			20,000		20,300	20,605	20,914
	Event Safety and Security Review and Implementation	356		1	50,593		36,706	–	–
	Urban Designer	385	1		92,305	3,859	98,579	105,767	113,149
	Environmental Project Manager	407		1	186,213		22,693	–	–
	Engineering Project Managers (2)	384	2		218,600		232,807	247,322	262,788
	Zoning Enforcement Officer (PLN)	304	0.3		20,784		25,672	30,660	35,817
	Fleet Renewal Program	403			800,000		1,250,000	1,700,000	2,150,000
	Park Asphalt Replacement and Marking Program	351			55,000		70,000	85,000	100,000
	License Plate Recognition Technology Pilot	354			65,710		–	–	–
	Barrie Fire Dispatch Communications Complement	345	0.7		54,308		55,397	56,509	57,642
	Council Highlights	388			6,500		6,500	6,500	6,500
	Online Citizen Engagement Platform	389			30,000		30,000	30,000	30,000
	Recreation Centre Staffing Hours	393			(48,500)		(49,250)	(50,000)	(50,750)
	Other Service Level Changes Total		6	3	2,007,598	3,859	2,345,877	2,707,116	3,186,770
	Recovery from Capital				500,589	–	357,543	355,786	378,084
	Rates				415,710	–	350,000	350,000	350,000
	Contribution from Reserves				222,698	–	229,436	126,209	141,827
Other Service Level Changes – Net Impact on Tax					868,602	3,859	1,408,898	1,875,121	2,316,859
Enterprise Model (Full Cost Recovery)									
New Building Services Complement		380	6		720	57,415	–	–	–

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 2019 service partner base budget requests require a net increase of \$3.8 million to the tax levy. The main drivers of the net increase for 2019 include the Barrie Police Service (\$1.4 million) and the County of Simcoe (\$1.9 million).

The Police budget increase is largely driven by salary and benefits costs including the impact of the new Workplace Safety & Insurance Board First Responders Act presumptive legislation.

The Library budget will require an additional \$349 thousand for operations including the continuation of enhanced security at a cost of \$60 thousand that was funded from the tax capital reserve in 2018. In addition, the Library Board has requested the creation of a ramp-up reserve in anticipation of the multi-branch system within the annexed lands. The Board suggests a \$150 thousand contribution to the reserve in 2019 with future increases to achieve the appropriate level of operating funding.

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 2019 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 \$300 thousand for a total contribution of \$1.7 million in 2019 to meet estimated funding obligations for the County's capital program.

The City's share of the Social Housing program will increase by \$860 thousand in 2019. This increase is the result of decreased subsidies to the County from the Province which has the effect of shifting the funding burden to the municipal level.

The City's share of the Ontario Works program will increase by \$260 thousand in 2019. The increase is the result of leasehold improvement costs for the new Collingwood satellite office. In addition, the Provincial upload of eligible program costs was completed in 2018. Therefore, the City will not realize any further financial benefit from the upload.

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.



Service Partners and Grants - Base Budget Change Report

		2017 Actuals	2018 Budget	In Year Forecast	2019 Requested Budget	Change in 2019 Requested Budget to 2018 Approved Budget	
Conservation Authorities	Lake Simcoe Region Conservation Auth.	\$ 1,284,624	\$ 1,399,871	\$ 1,399,871	\$ 1,335,294	\$ (64,577)	-4.61%
	Water Rate	\$ 963,468	\$ 1,049,906	\$ 1,049,906	\$ 1,001,471	\$ (48,435)	-4.61%
	Tax Funded	\$ 321,156	\$ 349,965	\$ 349,965	\$ 333,824	\$ (16,142)	-4.61%
	Nottawasaga Valley Conservation Auth.	\$ 345,482	\$ 367,567	\$ 367,567	\$ 399,620	\$ 32,053	8.72%
	Water Rate	\$ 47,351	\$ 55,000	\$ 55,000	\$ 60,750	\$ 5,750	10.45%
	Tax Funded	\$ 298,131	\$ 312,567	\$ 312,567	\$ 338,870	\$ 26,303	8.42%
	Total - Tax Funded	\$ 619,287	\$ 662,532	\$ 662,532	\$ 672,693	\$ 10,161	1.53%
County of Simcoe	Social Housing	\$ 4,875,279	\$ 7,039,510	\$ 6,120,000	\$ 6,935,000	\$ (104,510)	-1.48%
	CoS Capital Reserve	\$ -	\$ 874,999	\$ 516,000	\$ -	\$ 874,999	-100.00%
	DCs	\$ -	\$ 561,511	\$ -	\$ -	\$ (561,511)	-100.00%
	Tax Funded	\$ 4,875,279	\$ 5,603,000	\$ 5,604,000	\$ 6,935,000	\$ 1,332,000	23.77%
	Long Term Care	\$ 879,729	\$ 969,000	\$ 967,000	\$ 926,000	\$ (43,000)	-4.44%
	Ontario Works	\$ 3,447,883	\$ 2,763,000	\$ 2,710,000	\$ 3,023,000	\$ 260,000	9.41%
	Paramedic Services	\$ 6,295,623	\$ 6,304,000	\$ 6,300,000	\$ 6,282,000	\$ (22,000)	-0.35%
	Children and Community Services	\$ 2,189,539	\$ 2,255,000	\$ 2,134,000	\$ 2,350,000	\$ 95,000	4.21%
	Simcoe County Museum and Archives	\$ 105,750	\$ 108,000	\$ 108,000	\$ 109,000	\$ 1,000	0.93%
	Contribution to County Capital Reserve	\$ 1,300,000	\$ 1,400,000	\$ 1,400,000	\$ 1,700,000	\$ 300,000	21.43%
	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	\$ 423,279	\$ 429,477	\$ 429,477	\$ 438,066	\$ 8,590	2.00%
	Total - Tax Funded	\$ 423,279	\$ 429,477	\$ 429,477	\$ 438,066	\$ 8,590	2.00%
Local Boards	Barrie Police Services	\$ 50,275,113	\$ 51,814,867	\$ 51,814,867	\$ 53,259,517	\$ 1,444,650	2.79%
	Barrie Public Library	\$ 7,460,748	\$ 7,698,647	\$ 7,698,647	\$ 8,197,596	\$ 498,949	6.48%
	Tax Rate Stabilization Reserve	\$ 200,000	\$ -	\$ -	\$ -	\$ -	N/A
	DCs	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.00%
	Tax Funded	\$ 7,210,748	\$ 7,648,647	\$ 7,648,647	\$ 8,147,596	\$ 498,949	6.52%
	Total - Tax Funded	\$ 57,485,861	\$ 59,463,514	\$ 59,463,514	\$ 61,407,113	\$ 1,943,599	3.27%
Other Service Partners & Grants	Physician Recruitment	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ -	0.00%
	Tourism Barrie	\$ 213,520	\$ 213,520	\$ 213,520	\$ 113,520	\$ (100,000)	-46.83%
	Total - Tax Funded	\$ 273,520	\$ 273,520	\$ 273,520	\$ 173,520	\$ 100,000)	-36.56%
Simcoe Muskoka District Health Unit	Simcoe Muskoka District Health Unit	\$ 1,735,567	\$ 1,777,950	\$ 1,777,950	\$ 1,812,820	\$ 34,871	1.96%
	Province of Ontario	\$ 41,790	\$ 26,520	\$ 26,520	\$ 25,900	\$ (620)	-2.34%
	Total - Tax Funded	\$ 1,693,777	\$ 1,751,430	\$ 1,751,430	\$ 1,786,920	\$ 35,491	2.03%
Grand Total - Tax Funded		\$ 79,589,528	\$ 81,982,472	\$ 81,803,472	\$ 85,803,313	\$ 3,820,841	4.66%

Debt Management

The 2019 debenture program amounts to approximately \$49.5 million. Total debt servicing costs are expected to increase by \$2.8 million. The tax funded portion is expected to increase by approximately \$2 million with the remaining increase funded primarily from development charges.

Two projects, the Barrie – Simcoe Emergency Services Campus and the Harvie– Big Bay Highway Overpass make up approximately 73% of the planned 2019 debenture. A full list of projects included in the planned 2019 debenture is presented in the debt section.

Reserve Management

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 \$547 thousand in 2019 as described below:

- Legal Contingencies Reserve contribution has been increased by \$50 thousand for a total contribution of \$250 thousand for 2019.
- Elections Reserve contribution has been reinstated with a \$130 thousand contribution in 2019 in preparation for the next election.
- Landfill Post Closure Reserve contribution was increased by 10% to \$502 thousand in accordance with the City's Financial Policies.
- Newly established Tourism Reserve will receive a contribution of \$113 thousand funded from a partial repurposing of the Tourism Barrie Grant.

In addition, the 2019 budget reintroduces contributions to the WSIB Reserve. The reserve has not been funded for several years while the balance has been drawn down gradually. Charges such as: Loss of Earnings (LOE), Physician and Administrative fees, and Health costs are covered by this reserve. All employees covered under the Corporation, including its partners, are covered by this reserve.

The City's workforce has grown to meet the needs of the community, placing additional pressure on the reserve. In addition, changes to the Workplace Safety and Insurance Act over the years has increased the City's exposure to these costs (i.e. presumptive and retroactive legislation for cancers as well as legislation related to mental stress injuries).

The table below illustrates the trending for the WSIB Reserve between 2012 and the end of the 3rd quarter 2018.



WSIB Reserve Summary	2011	2012	2013	2014	2015	2016	2017	2018 Q3
Opening Balance	\$ 4,822,607	\$ 4,302,831	\$ 4,091,942	\$ 3,812,341	\$ 3,468,051	\$ 2,975,846	\$ 2,606,032	\$ 1,619,229
Less Draws for Direct Claims	(519,776)	(210,888)	(279,601)	(344,290)	(492,205)	(369,815)	(986,803)	(610,920)
Closing Balance	\$ 4,302,831	\$ 4,091,942	\$ 3,812,341	\$ 3,468,051	\$ 2,975,846	\$ 2,606,032	\$ 1,619,229	\$ 1,008,309

Dedicated Infrastructure Renewal Fund

The City's proposed Tax supported budget includes a \$34.9 million transfer to the Tax Capital Reserve to support the Capital program. This transfer is based on the City's Financial Policies Framework and represents a \$3.8 million increase over the prior year. The increase consists of a \$2.5 million increase related to the Dedicated Infrastructure Renewal Fund, and a \$1.2 million increase representing 20% of the anticipated Barrie Hydro Holdings dividend.

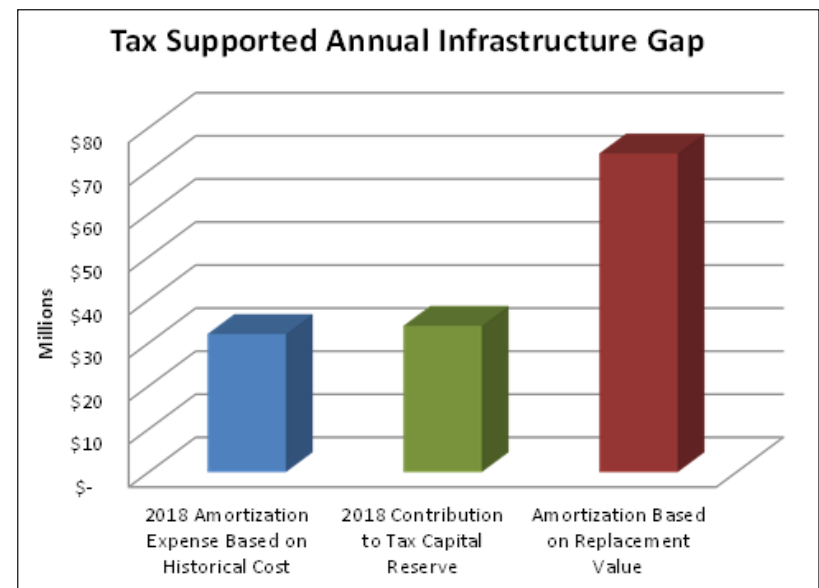
The Dedicated Infrastructure Renewal Fund portion of the annual tax capital reserve contribution was approved by Council starting in the 2015 budget year and prescribes an annual increase to the reserve contribution equivalent to a 1% property tax increase for the typical residential tax payer. For the proposed 2019 budget, the 1% increase represents approximately an additional \$2.5 million.

The City of Barrie owns \$1.6 billion in infrastructure, based on historical costs. The current dollar value of this infrastructure is considerably higher, at approximately \$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. To address the significant backlog in infrastructure



renewal, in 2015 City Council approved the implementation of a Dedicated Infrastructure Renewal Fund, which requires an incremental 1% increase in taxes annually. This fund will be used to increase infrastructure rehabilitation for tax-supported infrastructure – roads, sidewalks, storm sewers, parks, buildings, fleet and equipment. The 2019 Business Plan and Budget includes \$2.5 million for the increase in the Dedicated Infrastructure Renewal Fund, which has a 1% impact on the property tax bill.

The following chart shows the estimated amortization expenses for tax-supported infrastructure in 2018 based on historical costs for the City of \$32.1 million. The transfer to the capital reserve in 2018 was \$34 million which was higher than the amortization expense for the first time this year by \$1.9M. However, amortization expense is based on historical values which are significantly lower than replacement cost. The Fiscal Impact Assessment (FIA) analysis undertaken by Watson & Associates Economists Ltd. identifies net tax supported non-growth capital expenditures (existing infrastructure) of approximately \$1.37 billion over the next ten years, for an average annual amount of \$74 million, resulting in an annual shortfall of close to \$43 million.



2019 Operating Budget - Permanent Staff Complement Continuity (Tax Base)

Division/Department	2017 Total Approved Complement	2018 Total Approved Complement	2019 Recommended New Investments Impact			2019 Recommended New Investments Complement Funding Source					2019 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	107	110	–	–	–						110	–	110
Planning & Building Services *	43	48	9	(1)	8	8					55	1	56
Engineering	65	66	2	–	2	0.2	1.8				68	–	68
Environmental Services	26	28		–	–						25	3	28
	243	254	11	(1)	10	8	2	–	–	–	260	4	264
Community & Corporate Services													
General Manager's Office	2	2	–	–	–						2	–	2
Corporate Facilities	40	41	–	–	–						41	–	41
Legislative & Court Services	80	80	–	–	–						61	19	80
Finance	48	46	–	–	–						46	–	46
Recreation Services	61	61	–	–	–						61	–	61
Fire & Emergency	181	181	–	1	1	1					179	3	182
	412	411	–	1	1	1	–	–	–	–	390	22	412
Access Barrie													
Customer Service	2	2	–	–	–						2	–	2
Marketing & Communications	16	18	–	–	–						16	2	18
Transit & Parking Strategy	6	6	–	–	–						6	–	6
	33	35	–	–	–	–	–	–	–	–	33	2	35
Invest Barrie Admin													
Business Development	3	3	–	–	–						3	–	3
Department of Creative Economy	5	6	–	–	–						6	–	6
	7	8	–	–	–	–	–	–	–	–	7	1	8
	15	17	–	–	–	–	–	–	–	–	16	1	17
Innovate Barrie Admin													
Centre for Continuous Improvement	2	2	–	–	–						2	–	2
Human Resources	7	8	–	–	–			–	–	–	8	–	8
Information Technology	16	16	1	–	1	0.34		0.33	0.33		17	–	17
	41	41	1	–	1	1					42	–	42
	66	67	2	–	2	1.34	–	0.33	0.33	–	69	–	69
	794	809	13	–	13	10.5	2	0.33	0.33	–	793	29	822

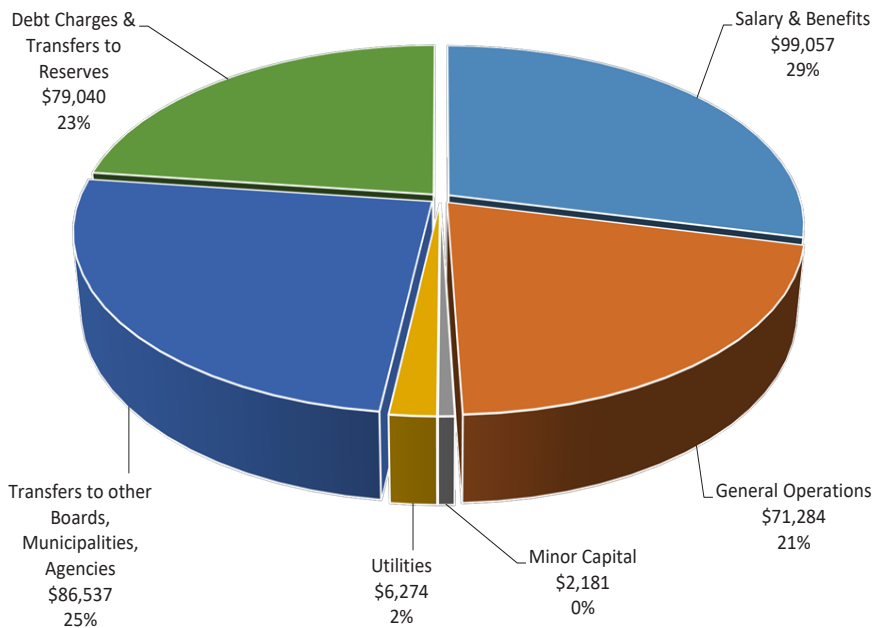
Note 1: Non-tax funding sources includes capital project recovery with no tax impact.

*6 of the new positions for Planning & Building Services fall under the Enterprise Model which has hiring authority pre-approved by Council. These positions will only be hired if demand and revenue allow.

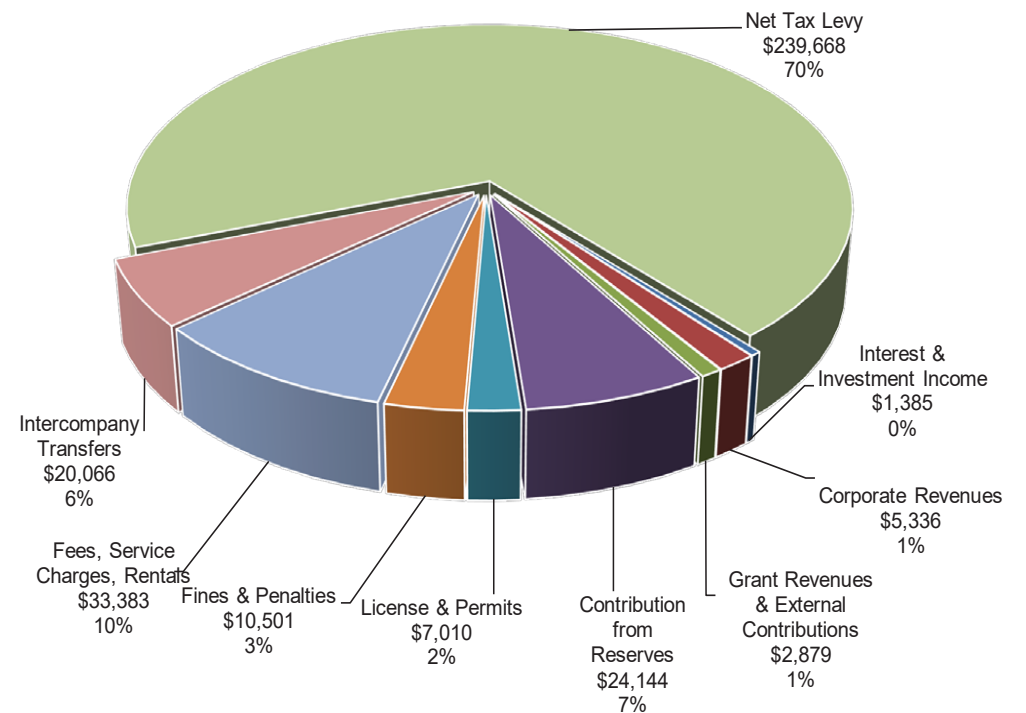
Summary of Tax Operating Budget Expenses and Revenues

The 2019 requested Tax Operating budget represents a \$19.3 million (5.9%) increase in gross expenditures with an equal and offsetting increase in planned revenues. The following charts show the breakdown of expenses and revenues:

2019 Gross Expenditures - \$344M
(\$000s)



2019 Sources of Operating Revenue - \$344M
(\$000s)



The following table 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.

	2018 - Budget		2019 - Base Budget		Base Budget Change		Net Change %	2019 New Investments & Service Recommendations		2019 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	652,672	626,672	690,060	664,060	37,387	37,387	6.0%	0	0	690,060	664,060	37,387	37,387	6.0%
Office of the Mayor	214,710	214,710	241,510	241,510	26,799	26,799	12.5%	95,000	25,000	336,510	266,510	121,799	51,799	24.1%
Legal Services Department	3,208,066	1,746,622	3,335,908	1,818,771	127,841	72,149	4.1%	0	0	3,335,908	1,818,771	127,841	72,149	4.1%
Internal Audit	325,550	325,550	339,342	339,342	13,792	13,792	4.2%	0	0	339,342	339,342	13,792	13,792	4.2%
Total	4,400,998	2,913,554	4,606,819	3,063,681	205,820	150,128	5.2%	95,000	25,000	4,701,819	3,088,681	300,820	175,128	6.0%
COUNCIL & COMMITTEES														
City Council	641,309	643,949	716,447	719,219	75,138	75,270	11.7%	0	0	716,447	719,219	75,138	75,270	11.7%
Committees	73,290	73,290	73,660	73,660	370	370	0.5%	0	0	73,660	73,660	370	370	0.5%
Total	714,599	717,239	790,107	792,879	75,508	75,640	10.5%	0	0	790,107	792,879	75,508	75,640	10.5%
ACCESS BARRIE														
Access Barrie Admin	323,424	323,424	339,453	339,453	16,030	16,030	5.0%	0	0	339,453	339,453	16,030	16,030	5.0%
Customer Service	1,407,142	1,098,041	1,503,486	1,172,727	96,344	74,685	6.8%	0	0	1,503,486	1,172,727	96,344	74,685	6.8%
Marketing & Comm.	962,031	939,612	996,449	936,012	34,418	-3,600	-0.4%	36,500	36,500	1,032,949	972,512	70,918	32,900	3.5%
Transit & Parking Strategy	20,728,014	12,403,034	21,772,143	12,971,263	1,044,129	568,229	4.6%	65,710	0	21,837,853	12,971,263	1,109,839	568,229	4.6%
Total	23,420,611	14,764,111	24,611,531	15,419,455	1,190,920	655,344	4.4%	102,210	36,500	24,713,741	15,455,955	1,293,130	691,844	4.7%
INNOVATE BARRIE														
Innovate Barrie Administration	361,887	361,887	409,935	409,935	48,048	48,048	13.3%	0	0	409,935	409,935	48,048	48,048	13.3%
Information Technology	8,368,575	6,911,782	8,691,475	7,215,057	322,900	303,275	4.4%	219,015	219,015	8,910,490	7,434,072	541,915	522,290	7.6%
Human Resources	2,792,821	2,711,094	2,733,698	2,649,018	-59,123	-62,076	-2.3%	189,779	119,926	2,923,477	2,768,945	130,656	57,850	2.1%
Centre for Continuous Improvement	980,082	747,675	1,025,857	781,818	45,775	34,142	4.6%	0	0	1,025,857	781,818	45,775	34,142	4.6%
Total	12,503,365	10,732,438	12,860,964	11,055,827	357,599	323,389	3.0%	408,794	338,941	13,269,759	11,394,769	766,394	662,330	6.2%

	2018 - Budget		2019 - Base Budget		Base Budget Change		Net Change %	2019 New Investments & Service Recommendations		2019 Requested Budget		Requested Budget Change		Net Change %
	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)

INVEST BARRIE														
Invest Barrie Administration	473,426	273,426	524,665	324,665	51,239	51,239	18.7%	0	0	524,665	324,665	51,239	51,239	18.7%
Business Development	1,170,727	657,129	1,298,911	899,517	128,183	242,388	36.9%	0	0	1,298,911	899,517	128,183	242,388	36.9%
Department of Creative Economy	2,741,277	2,511,273	2,882,105	2,552,294	140,827	41,021	1.6%	167,698	-0	3,049,802	2,552,294	308,525	41,021	1.6%
Total	4,385,431	3,441,828	4,705,680	3,776,476	320,250	334,648	9.7%	167,698	-0	4,873,378	3,776,476	487,947	334,648	9.7%

COMMUNITY & CORPORATE SERVICES														
GM of Community & Corporate Services	327,258	302,258	374,324	349,324	47,066	47,066	15.6%	0	0	374,324	349,324	47,066	47,066	15.6%
Finance Department	5,477,569	3,560,089	5,724,414	3,619,973	246,846	59,884	1.7%	0	0	5,724,414	3,619,973	246,846	59,884	1.7%
Barrie Fire & Emergency Services	26,278,541	26,178,609	26,641,110	26,467,162	362,570	288,553	1.1%	54,308	54,308	26,695,418	26,521,469	416,878	342,860	1.3%
Legislative & Court Services	11,366,246	2,471,168	9,824,507	2,126,407	-1,541,739	-344,761	-14.0%	0	0	9,824,507	2,126,407	-1,541,739	-344,761	-14.0%
Recreation Services	17,324,755	7,920,676	18,164,554	8,174,900	839,799	254,223	3.2%	-48,500	-48,500	18,116,054	8,126,400	791,299	205,723	2.6%
Facilities Department	13,278,969	2,178,546	13,390,961	2,201,666	111,992	23,120	1.1%	0	0	13,390,961	2,201,666	111,992	23,120	1.1%
Total	74,053,338	42,611,347	74,119,872	42,939,433	66,534	328,086	0.8%	5,808	5,808	74,125,679	42,945,241	72,342	333,893	0.8%

INFRASTRUCTURE & GROWTH MANAGEMENT														
GM Infrastructure & Growth Mgmt	362,618	362,618	479,733	479,733	117,114	117,114	32.3%	0	0	479,733	479,733	117,114	117,114	32.3%
Environmental Services	11,504,053	7,470,178	11,245,175	7,468,832	-258,878	-1,346	0.0%	0	0	11,245,175	7,468,832	-258,878	-1,346	0.0%
Engineering Department	5,525,628	2,164,794	5,308,599	2,017,919	-217,029	-146,875	-6.8%	21,860	21,860	5,330,459	2,039,779	-195,169	-125,015	-5.8%
Roads, Parks, & Fleet	29,753,109	27,294,227	32,163,864	28,275,046	2,410,755	980,819	3.6%	565,000	505,000	32,728,864	28,780,046	2,975,755	1,485,819	5.4%
Planning & Building Services	5,544,114	1,121,153	6,461,292	453,873	917,178	-667,280	-59.5%	790,049	203,444	7,251,340	657,317	1,707,226	-463,836	-41.4%
Total	52,689,522	38,412,971	55,658,662	38,695,403	2,969,140	282,432	0.7%	1,376,909	730,304	57,035,571	39,425,707	4,346,049	1,012,736	2.6%

	2018 - Budget		2019 - Base Budget		Base Budget Change		Net Change %	2019 New Investments & Service Recommendations		2019 Requested Budget		Requested Budget Change		Net Change %
	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	Gross (\$)	Net (\$)	(%)
DIVISIONAL TAX OPERATING														
SERVICE PARTNERS & GRANTS														
County of Simcoe	19,438,510	18,002,000	19,625,000	19,625,000	186,490	1,623,000	9.0%	0	0	19,625,000	19,625,000	186,490	1,623,000	9.0%
Simcoe Muskoka District Health Unit	1,777,950	1,751,430	1,812,820	1,786,920	34,871	35,491	2.0%	0	0	1,812,820	1,786,920	34,871	35,491	2.0%
Conservation Authorities	1,767,438	662,532	1,734,914	672,693	-32,524	10,161	1.5%	0	0	1,734,914	672,693	-32,524	10,161	1.5%
Local Boards	59,573,514	59,463,514	61,457,113	61,407,113	1,883,599	1,943,599	3.3%	0	0	61,457,113	61,407,113	1,883,599	1,943,599	3.3%
Lake Simcoe Regional Airport	429,477	429,477	438,066	438,066	8,590	8,590	2.0%	0	0	438,066	438,066	8,590	8,590	2.0%
Other Service Partners & Grants	273,520	273,520	173,520	173,520	-100,000	-100,000	-36.6%	0	0	173,520	173,520	-100,000	-100,000	-36.6%
Total	83,260,408	80,582,472	85,241,433	84,103,313	1,981,025	3,520,841	4.4%	0	0	85,241,433	84,103,313	1,981,025	3,520,841	4.4%
CORPORATE TRANSACTIONS														
Corporate Expenses	72,637,639	47,040,580	79,597,118	52,270,832	6,959,479	5,230,252	11.1%	0	0	79,597,118	52,270,832	6,959,479	5,230,252	11.1%
Corporate Revenues	0	-12,808,751	0	-13,530,620	0	-721,870	5.6%	25,000	-55,000	25,000	-13,585,620	25,000	-776,870	6.1%
Total	72,637,639	34,231,829	79,597,118	38,740,212	6,959,479	4,508,383	13.2%	25,000	-55,000	79,622,118	38,685,212	6,984,479	4,453,383	13.0%
TOTAL RECOMMENDED TAX OPERATING BUDGET	328,065,910	228,407,789	342,192,186	238,586,679	14,126,276	10,178,890	4.5%	2,181,418	1,081,553	344,373,604	239,668,232	16,307,694	11,260,443	4.9%

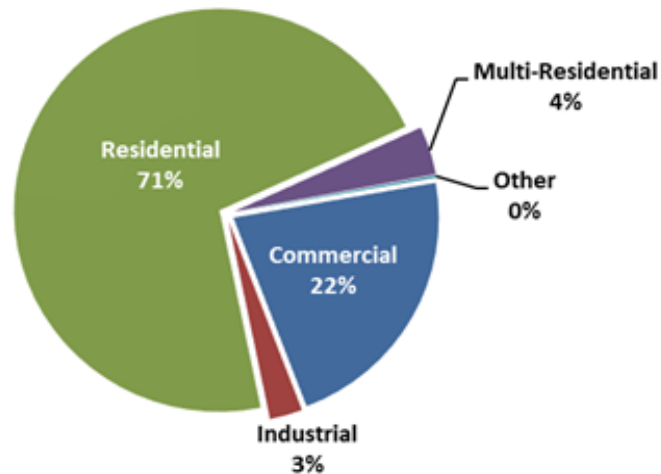
Property Tax Revenue

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 2019 tax levy supporting municipal services and service partners by major property class.

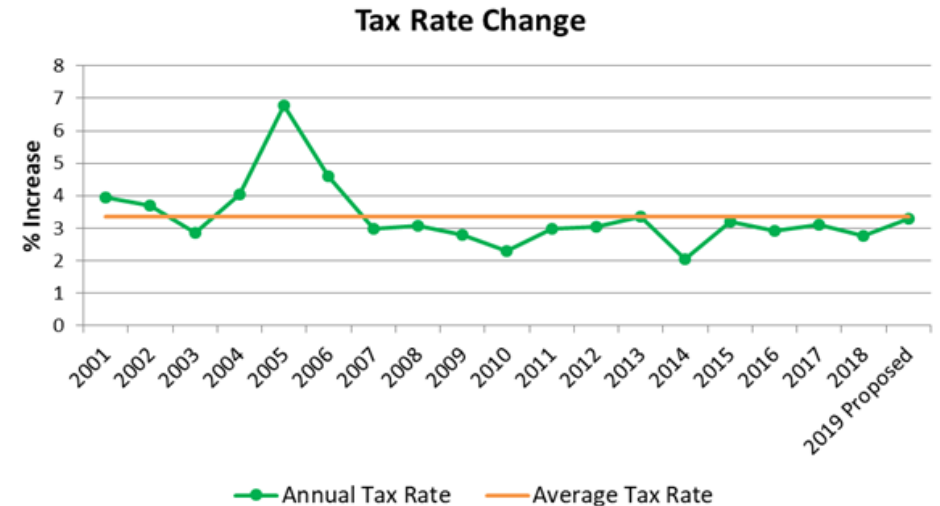
2019 Tax Levy

Commercial Industrial Residential Multi-Residential Other



History of Tax Rate Changes

Since 2001 and including the recommended 2019 plan, the average annual residential property tax increase for a typical home in Barrie has been 3.35%.



Forecasted Tax Rate Increases – Three Year Forecast

Staff have made best efforts to provide a three year operating forecast for the 2019 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. As part of the 2019 business planning process, staff initiated a phased in approach to quantify the net operating impact of the capital plan with the ultimate objective of integrating this information into operating budget forecasts. Additional information about this initiative is found in the Capital Plan Overview.

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 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.

Realized growth in property tax revenue resulting from real growth (e.g. new homes and businesses) will provide some relief to the tax rate. However the revenue often lags behind the expenditures.

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

Assessment			
Year	Base Levy	Growth	Net Impact
2020	4.7%	1.6%	3.1%
2021	6.1%	2.6%	3.5%
2022	5.9%	2.6%	3.3%

2019 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 2019 Water Operations Budget reflects a rate increase of 3.44% (\$11.45) for a typical household.

Water Rate Impacts Directly Controlled by City of Barrie

Description	2018 Budget
Prior Year Contribution to Water Capital Reserve (WCR)	\$ 5,173,149
Maintain current service levels	\$ 36,924
Interfund	\$ (599,900)
Current Year Contribution to WCR before Inv. & Service Recommendations	\$ 4,610,173
Investment & Service Recommendations	\$ (259,926)
Current Year Contribution to WCR	\$ 4,350,247
Adjustment Contribution to Reserves	\$ (822,902)

Maintain Current Service Levels

Budgeted net cost to maintain current services will decrease by \$37 thousand in 2019. The decrease is the result of a \$400 thousand increase in expenditures offset by a \$440 thousand increase in revenues.

The cost of labour is expected to increase \$317 thousand over 2018. The increase provides for cost of living provisions, merit increases for full time CUPE and non-union employees, and anticipated increases for benefit rates.

The City participates in a 4 year membrane lifecycle study operated by the University of British Columbia and NSERC. As planned, an additional \$35 thousand has been added to the budget for this study.

An additional \$178 thousand has been added to the materials and supplies budget to fund the City's Water Meter replacement program in 2019.

The budget for contracted services has been decreased by \$230 thousand over 2018. The ARC flash study on electrical panels and breakers was completed in 2018 which accounts for \$210 thousand of the decrease. The budget for snow clearing was also reduced by \$50 thousand for 2019.

Offsetting the increase in operating costs is a \$440 thousand increase planned revenue. \$405 thousand of this amount pertains to an expected increase in water rate revenue. The increase is driven by a 3.44% rate increase and consumption estimates based on historical trends.

Interfund Expense

Interfund expenses are costs recovered between the City's primary operating funds (Tax, Water, Wastewater, 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 increase by \$600 thousand in 2019.

Stormwater treatment and maintenance costs are the most significant contributor to the increase adding \$500 thousand for 2019. Beginning in 2018, costs for catchbasin and oil grit separator cleaning, and stormwater sediment removal were phased in to the water rate. In 2019, nearly all of these costs have been phased in to the water rate.

In addition, the cost for source protection activities (e.g. education, outreach, and implementation) are increasing \$70 thousand for 2019.

Reserve Management

After taking into account proposed new investment and service recommendations, the contribution to the water capital reserve will be decreased by \$823 thousand in 2019 in order to balance the water rate budget for 2019 and keep rate increases in line with historical norms.

Investment and Service Recommendations

The proposed 2019 Water budget includes new investment and service recommendations at a cost of \$260 thousand. The 2019 recommendations consist of:

- \$35 thousand for water's proportionate share of a permanent Health & Safety Technician
- \$225 thousand contribution to the proposed Fleet Renewal Reserve



The target for total water revenue is driven by the cost of providing the service. An increase in water rate revenue of \$405 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 2019 are estimated to be \$345 (\$333 in 2018). This represents a 3.44% or \$11.45 annual increase over 2018.

Staff Complement

Residential Water Rates

Bi-monthly Consumption	2018 Rates	2019 Rates
0-30 cubic metres	\$ 1.0124 per m ³	\$ 1.0495 per m ³
30-60 cubic metres	\$ 2.0249 per m ³	\$ 2.0991 per m ³
60-90 cubic metres	\$ 3.0373 per m ³	\$ 3.1486 per m ³
> 90 cubic metres	\$ 4.0498 per m ³	\$ 4.1982 per m ³
Fixed Change by Service Size		
16 to 19 mm	\$ 25.66	\$ 26.60

General Service Water Rates

Bi-monthly Consumption	2018 Rates	2019 Rates
0-15 cubic metres	\$ 1.0124 per m ³	\$ 1.0495 per m ³
>15 cubic metres	\$ 1.5187 per m ³	\$ 1.5744 per m ³
Fixed Change by Service Size		
13 to 19 mm	\$ 12.83	\$ 13.30
25 to 32 mm	\$ 32.08	\$ 33.26
38 mm	\$ 64.17	\$ 66.53
50 mm	\$ 102.67	\$ 106.44
75 mm	\$ 224.59	\$ 232.84
100 mm	\$ 385.03	\$ 399.18
150 mm	\$ 802.13	\$ 831.61
200 mm	\$ 1,026.72	\$ 1,064.45
250 mm	\$ 1,475.93	\$ 1,530.17
300 mm	\$ 1,475.93	\$ 1,530.17

Currently, 68 staff members are required to directly support Water Operations. There are no new positions recommended in the 2019 operating budget.

2019 Operating Budget – Permanent Staff Complement Continuity (Water User Rate)

Departmental Branch	Total 2017 Approved Complement	Total 2018 Approved Complement	Recommended New Investment Impact			2019 Recommended Complement		
			FT	PPT	Total	FT	PPT	Total
Water Operations	68	68	–	–	–	68	–	68

WATER METER READINGS

You can now view your daily water consumption online.

Sign in using your Account Number and Meter ID. You can find this information on any of your water bills.

This service is available to all City of Barrie water customers. Once you have logged in you can see your daily usage by week, month, year or by custom date range as far back as one year.

LOG IN ACCOUNT NUMBER METER NUMBER

☐ Remember my login information.

Water Wastewater Bill

Service Address: 123 SAMPLE DR, BARRIE, ON L4M 4T5

ACCOUNT NUMBER: 000111111 - 000222222

AMOUNT DUE: \$12.34

BILL DATE: Sep 1, 2011

SERVICE PERIOD: From July 26, 2011 to September 8, 2011

READING DATE	METER NUMBER	CURRENT OF DAYS	PREVIOUS READING	CHARGE
September 8, 2011	00066888WA	42	5,350	5.31

Previous Account Balance

Payments: \$12.34

Adjustments: \$0.00

Balance Forward: \$0.00

Current Charges

Description	Amount	Charge
Water Service Charge	14.34	14.34
0 - 30 m³ charge	16.0	12.61
Wash Water	16.0	15.06
Wash Water Service Charge	16.0	14.41
Other Charges	16.0	14.41

Legal

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Questions?

If you have any questions about this website or about your water consumption, please refer to the [Frequently Asked Questions](#) or contact the Water Billing Branch.

Water Operations Branch | 20 Royal Parkside Drive, Barrie | Telephone: 705-792-7920 | Fax: 705-792-7921 | Email: water@barrie.ca

2019 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 2019 Wastewater Operations Budget reflects a rate increase of 3.39% (\$15.86) for a typical household.

Wastewater Rate Impacts Directly Controlled by City of Barrie

Description	2019 Budget
Prior Year Contribution to Water Capital Reserve (WwCR)	\$ 14,195,518
Maintain current service levels	\$ 78,609
Debt Management	\$ (57,000)
Interfund	\$ 40,004
Current Year Contribution to WwCR before Inv. & Service Recommendations	\$ 14,257,131
Investment & Service Recommendations	\$ (159,926)
Current Year Contribution to WwCR	\$ 14,097,205
Adjusted Contribution to Reserves	\$ (98,313)

Maintain Current Service Levels

In 2018, Council approved the Sanitary Laterals Pilot Project. The pilot is driving a \$793 thousand cost increase to the wastewater budget. The cost of the pilot will be funded from the wastewater capital reserve resulting in no bottom line impact to the wastewater budget in 2019. However, doing so reduces the funds available in the capital reserve for replacement and repair.

An employee compensation cost increase of \$180 thousand for 2019 provides for cost of living provisions, merit increases for full time CUPE and non-union employees, and anticipated increases for benefit rates.

Utility costs have been decreased by \$178 thousand resulting from realized operating efficiencies at the wastewater treatment facility.

Offsetting the increase in operating expenditures is a Wastewater rate revenue increase of \$209 thousand driven by 3.39% rate increase and consumption estimates based on historical trends.

Debt Management

Recovery to tax rate increasing by \$57K.

Reserve Management

The contribution to the wastewater capital reserve will be decrease by \$98 thousand in 2019 after taking in to account new investment and service recommendations.

Investment and Service Recommendations

The proposed 2019 Wastewater budget includes new investment and service recommendations at a cost of \$160 thousand. The 2019 recommendations consist of:

- \$35 thousand for wastewater's proportionate share of a permanent Health & Safety Technician
- \$125 thousand contribution to the proposed Fleet Renewal Reserve



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 \$209 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 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 2019 are estimated to be \$484 (\$468 in 2018). This represents a 3.39% increase over 2018.

Residential Wastewater Rates

Bi-monthly Consumption	2018 Rates	2019 Rates
0-30 cubic metres	\$ 1.4651 per m ³	\$ 1.5165 per m ³
30-60 cubic metres	\$ 2.4907 per m ³	\$ 2.5781 per m ³
60-90 cubic metres	\$ 2.4907 per m ³	\$ 2.5781 per m ³
> 90 cubic metres	N/A	N/A
Fixed Change by Service Size		
16 to 19 mm	\$ 34.78	\$ 36.00

General Service Wastewater Rates

Monthly Consumption	2018 Rates	2019 Rates
0-15 cubic metres	\$ 1.3953 per m ³	\$ 1.4443 per m ³
>15 cubic metres	\$ 2.0932 per m ³	\$ 2.1667 per m ³
Fixed Change by Service Size		
13 to 19 mm	\$ 17.39	\$ 18.00
25 to 32 mm	\$ 43.48	\$ 45.00
38 mm	\$ 86.96	\$ 90.00
50 mm	\$ 139.14	\$ 144.01
75 mm	\$ 304.35	\$ 315.00
100 mm	\$ 521.86	\$ 540.13
150 mm	\$ 1,086.95	\$ 1,124.99
200 mm	\$ 1,391.30	\$ 1,440.00
250 mm	\$ 1,999.99	\$ 2,069.99
300 mm	\$ 1,999.99	\$ 2,069.99

Staff Complement

Currently, 36 staff members are required to directly support Wastewater Operations. There is 1 new positions recommended in the 2019 operating budget.

2019 Operating Budget – Permanent Staff Complement Continuity (Wastewater User Rate)

Departmental Branch	Total 2017 Approved Complement	Total 2018 Approved Complement	Recommended New Investment Impact			2019 Recommended Complement		
			FT	PPT	Total	FT	PPT	Total
Wastewater Operations	36	36	1	–	1	37	–	37



2019 Parking Operating Budget

The 2019 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	2019 Budget
Prior Year Contribution/(Draw) to/(from) Parking Reserve	\$ (546,349)
Maintain current service levels	\$ 44,384
Interfund	\$ (52,568)
Current Year Contribution/(Draw) to/(from) Parking Reserve before Inv. & Service Recommendations	\$ (554,533)
Investment & Service Recommendations	\$ (65,710)
Current Year Contribution/(Draw) to/(from) Parking Reserve	\$ (620,243)
Adjusted Contribution/(Draw) to/(from) Reserve	\$ (73,894)

Maintain Current Service Levels

The direct operating costs for the parking service have not changed significantly from 2018. Increased costs for labour, driven by collective agreements, etc., are substantially offset by reductions to planned spending for contracted services and supplies.

Interfund charges have increased by \$52 thousand over 2018. These charges are for services provided at the corporate level and specific activities such as the Parking Strategy.

Parking Rate Revenue

In 2019 the municipal parking system expects to realize \$2.1 million in operating revenue consisting of \$1.6 million from parking meters and \$491 thousand from parking permits. This is an increase of \$51 thousand over the previous year.

Parking Reserve

As noted, Parking Operations continues to generate an operating deficit requiring a draw from the Parking Reserve to balance the parking budget. For 2019, the draw from the reserve is expected to be \$554 thousand before 2019 investment and service recommendations. This is an increase of \$8 thousand over the previous year.

The 2019 work plan for the Transit and Parking Strategy department includes delivering an updated parking strategy that will examine utilization, pricing, technology, etc. The objective of the report is to provide Council with options toward addressing the ongoing operating deficits in the parking operation.

Staff Complement

Currently, 3 staff are required to directly support Parking Operations. There are no new positions recommended in the 2019 operating budget.

2019 Operating Budget – Permanent Staff Complement Continuity (Parking User Rate)

Departmental Branch	Total 2017 Approved Complement	Total 2018 Approved Complement	Recommended New Investments Impact			2019 Recommended Complement		
			FT	PPT	Total	FT	PPT	Total
Parking Operations	3	3	–	–	–	3	–	3



Financial Condition – Reserve Management

As shown in the following table, the balance of the City's reserves and reserve funds at December 31, 2019 is projected to be \$70.9 million. Of this amount \$37.4 million is allocated for specific purposes or externally restricted (i.e. development charges, user rate capital and self-insurance funds). Overall the City's reserves and reserve funds are projected to decrease (net) by \$46.7 million or 39.7% by the end of 2019.

Of the \$141.5 million in contributions to Reserves, 29% (\$46.0 million) is from the tax operating budget, 13% (\$18.9 million) is from user rate operating budgets, 47% (\$65.9 million) is from developers, and 11% (\$10.7 million) is from other levels of government.

Reserve and Reserve Fund Continuity Schedule and Forecast 2017-2019

	31-Dec-17	Forecast 31-Dec-18	Additions	Reductions	Forecast 31-Dec-19	2018-2019 Net Change
Reserve Funds						
Development Charges	\$ 2,346,140	\$ (20,372,287)	\$ 58,972,753	\$ 52,190,808	\$ (13,590,342)	33.3%
Wastewater Capital Reserve	\$ 24,848,331	\$ 29,219,045	\$ 14,257,131	\$ 20,371,680	\$ 23,104,496	-20.9%
Water Capital Reserve	\$ 20,323,462	\$ 19,627,862	\$ 4,610,173	\$ 13,149,781	\$ 11,088,254	-43.5%
Federal Gas tax	\$ 9,872,692	\$ 10,741,794	\$ 8,581,150	\$ 15,022,771	\$ 4,300,173	-60.0%
Provincial Gas Tax	\$ 652,845	\$ 1,255,016	\$ 2,090,000	\$ 2,291,231	\$ 1,053,785	-16.0%
Cash-in-lieu Parkland Reserve	\$ 5,192,497	\$ 5,699,715	\$ 1,563,522	\$ 1,352,904	\$ 5,910,333	3.7%
Other	\$ 2,375,822	\$ 2,650,056			\$ 2,650,056	0.0%
Water Rate Stabilization Reserve	\$ 2,284,021	\$ 2,646,161			\$ 2,646,161	0.0%
Wastewater Rate Stabilization Reserve	\$ 1,557,151	\$ 1,826,943		\$ 40,966	\$ 1,785,977	-2.2%
Parking Reserve	\$ (258,352)	\$ (873,462)		\$ 632,768	\$ (1,506,230)	-72.4%
Total	\$ 69,194,609	\$ 52,420,843	\$ 90,074,729	\$ 105,052,909	\$ 37,442,663	-28.6%
Reserves						
Tax Capital Reserve	\$ 37,532,370	\$ 35,993,361	\$ 41,846,584	\$ 77,253,162	\$ 586,784	-98.4%
Community Benefit Reserve	\$ –	\$ 3,204,304	\$ 4,951,696	\$ 1,327,105	\$ 6,828,895	113.1%
Tax Rate Stabilization	\$ 5,851,751	\$ 6,938,021		\$ 1,159,921	\$ 5,778,100	-16.7%
County of Simcoe Capital Reserve	\$ (533,418)	\$ (231,290)	\$ 1,700,000	\$ 1,127,715	\$ 340,995	247.4%
Strategic Priorities Reserve	\$ 2,278,046	\$ 1,030,685		\$ 900,000	\$ 130,685	-87.3%
Other Program Specific	\$ 8,976,697	\$ 8,252,453	\$ 806,923	\$ 295,458	\$ 8,763,918	6.2%
Corporate	\$ 8,690,138	\$ 8,388,497	\$ 745,613	\$ 262,970	\$ 8,871,140	5.8%
Growth Management Reserve	\$ 811,784	\$ 1,590,658	\$ 684,794	\$ 715,000	\$ 1,560,452	-1.9%
Tourism Reserve	\$ –	\$ –	\$ 724,594	\$ 175,000	\$ 549,594	0.0%
Total	\$ 63,607,368	\$ 65,166,690	\$ 51,460,204	\$ 83,216,331	\$ 33,410,562	-48.7%
Reserves and Reserve Funds	\$ 132,801,977	\$ 117,587,533	\$ 141,534,933	\$ 188,269,240	\$ 70,853,226	-39.7%

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, as well as the Cash-in-lieu Parkland Reserve, Strategic Priorities, Community Benefit Reserve and the Tourism Reserve.

The continuity reserve 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 2019 Capital and Operating budgets developed with the City's integrated budgeting tool Questica.

The contributions to reserves are based on projected forecasts utilizing current trends, as well as financial policies, growth studies and the 2014 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 debentures.



Development Charge Reserve Funds

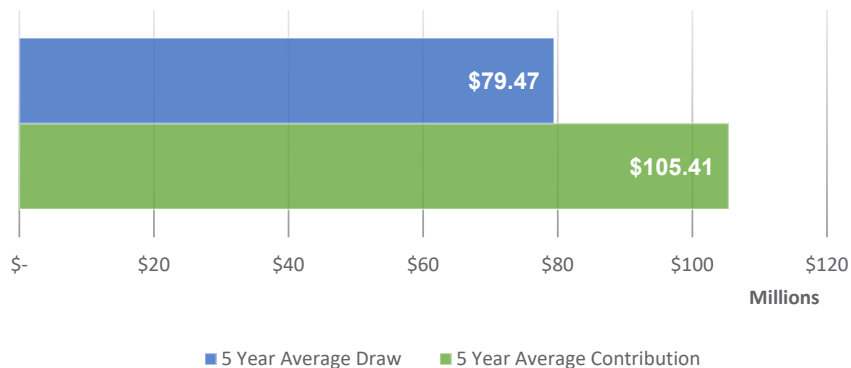
Development Charges are used to pay for new growth related infrastructure and any associated debt servicing costs. The City's proposed 2019 Capital Budget reflects the recommended investment in new and existing infrastructure to support the City's planned growth.

The required draw from DC reserves for 2019 is projected to be over \$52.2 million, comparable to the draw in 2018. These draws assume that DC eligible expenditures will be funded with cash, directly from the DC Reserve Funds.

For the 5 year forecast starting in 2019, it is projected the City will be drawing \$397 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; two new highway 400 crossings – Harvie Road and McKay; and building new watermain infrastructure and road expansion on Maplevue Drive and Lockhart Road.

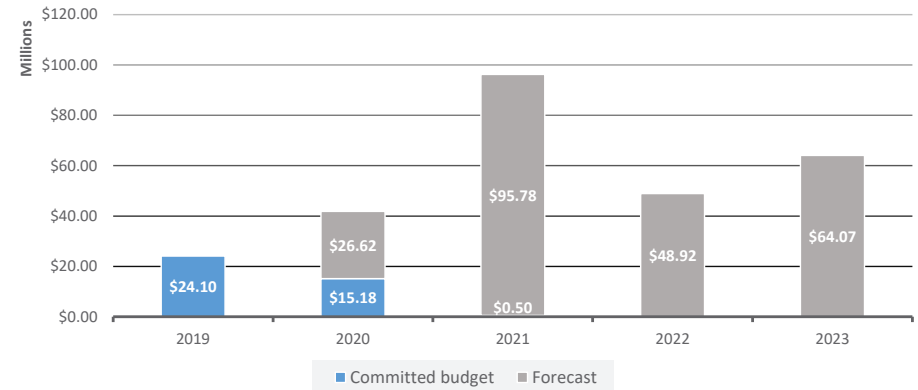
Existing annual debt payments associated primarily with the Water plant, Wastewater plant expansion, and the Bio-solids facility, will be drawing \$113 million from DC reserves for the forecasted period. In addition, the proposed 5 year forecast will require borrowing up to \$56.5 million of new DC funded debt.

Development Charges Reserve 5 year Avg Draw vs 5 year Avg Contribution (million)



Based on current development activity and projections from the development community, DC revenues for 2019 are projected to reach \$59 million. DC revenues are identified in the table above as Contributions to Reserves and the 5 year total is \$527 million.

Development Charges Reserve Committed Budget and Forecast (million)



DC Reserve	2019	2020	2021	2022	2023
Beginning Balance	\$ (20,372,287)	\$ (13,590,342)	\$ (21,838,275)	\$ 6,319,271	\$ 77,749,492
Draws Previous Commitments	\$ (9,219,900)				
Draws from Reserves – Capital	\$ (24,103,984)	\$ (41,802,524)	\$ (96,281,472)	\$ (48,920,671)	\$ (64,065,238)
Debt Servicing Cost	\$ (18,866,924)	\$ (20,071,313)	\$ (22,654,986)	\$ (24,917,846)	\$ (26,449,475)
Contribution to Reserves – Capital	\$ 58,972,753	\$ 53,625,904	\$ 147,094,004	\$ 145,268,738	\$ 122,102,273
Fully Committed Reserve Balance	\$ (13,590,342)	\$ (21,838,275)	\$ 6,319,271	\$ 77,749,492	\$ 109,337,052

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. The identified Credits earned for Developer Build Projects total \$70.7 million for the 5 year period.

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-DC eligible portion of growth projects, often referred to as benefit to existing.

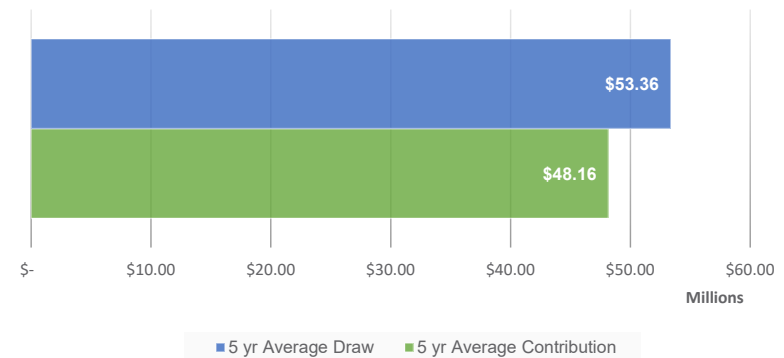
The 2019 contribution to the Tax Capital Reserve is driven by the Reserve and Reserve Fund Management Policy which was updated in 2015 to include an annual contribution equivalent to a 1% increase on the typical residential property tax bill; this contribution is referred to as the Dedicated Infrastructure Renewal Fund. 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 begin collecting these revenues in 2019 and by 2022 will have totaled \$40 million. These additional revenues will be used to fund growth related projects that are ineligible for Development Charge funding.

The tax based contribution for the proposed 2019 budget, has increased by \$2.5 million for a total contribution of \$31.2 million. Over the next 5 years starting in 2019, the total contribution to the Tax Capital Reserve is forecasted at \$240.8 million, including the capital contribution.

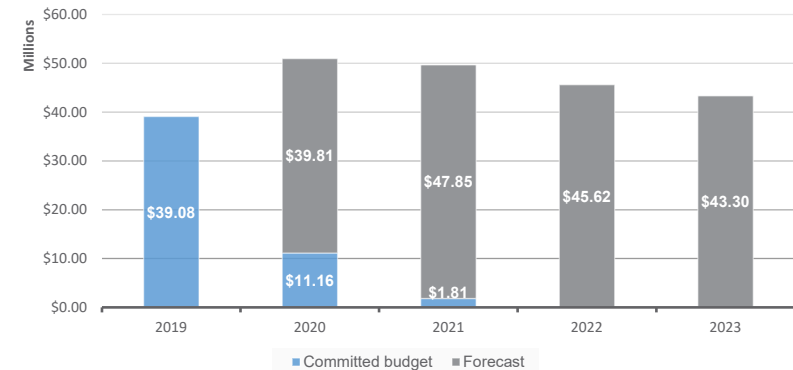
Including previous commitments, the proposed 2019 capital plan 5 year forecast draws a total of \$266.8 million from the Tax Capital Reserve. Some of the larger projects included in the plan are the construction of the new Barrie-Simcoe Emergency Services Campus, Allandale neighbourhood reconstruction in compliance with the Historic Neighbourhood Strategy and the new road construction on Harvie Road to north of Caplan.

Over the next 5 years, the average fully committed ending balance for the Tax Capital Reserve is \$2.9 million. As a result of this low average balance, and in order to fund the proposed 2019 capital five year forecast, it is projected that an additional \$26.6 million of new tax supported debt will be needed. The next section of the executive summary discusses debt management and projected debt levels.

Tax Capital Reserve 5 yr Avg Draw vs 5 yr Avg Contribution (millions)



Tax Capital Reserve Committed Budget and Forecast (million)



Tax Capital Reserve	2019	2020	2021	2022	2023
Beginning Balance	\$ 35,993,361	\$ 586,783	\$ (4,024,114)	\$ (260,087)	\$ 8,082,032
Draws Previous Commitments	\$ (38,168,218)				
Draws from Reserves – Capital	\$ (39,084,944)	\$ (50,962,173)	\$ (49,659,871)	\$ (45,623,320)	\$ (43,300,420)
Contribution to Reserves – Tax Capital Reserves	\$ 34,981,964	\$ 37,560,307	\$ 40,113,897	\$ 42,677,024	\$ 45,201,090
Contribution to Reserves – Capital	\$ 6,864,620	\$ 8,790,969	\$ 13,310,000	\$ 11,288,414	\$ –
Fully Committed Reserve Balance	\$ 586,783	\$ (4,024,114)	\$ (260,087)	\$ 8,082,032	\$ 9,982,702

Water Capital Reserve Fund

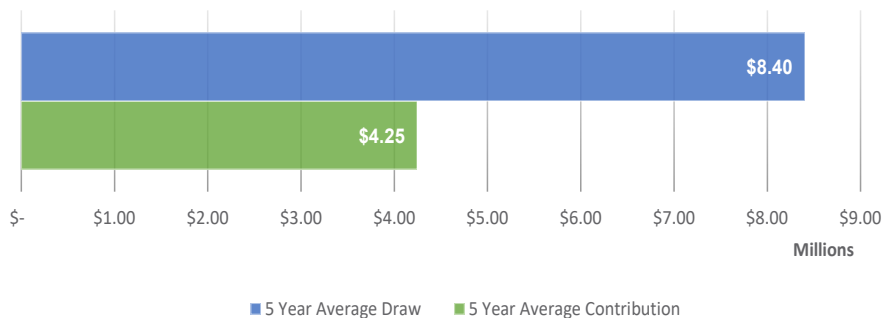
The Water Capital Reserve is used to fund water rate supported growth and asset renewal related capital works (e.g. replacement of water pipes). The Water Capital Reserve fund is projected to have a balance of \$11.1 million at the end of 2019, which represents a reduction of \$8 million compared to 2018.

As result of the imbalance between commitments and contributions and the declining trend of the ending reserve balance in the next 5 years, it's projected that \$11.1 million of new water supported debt will be needed.

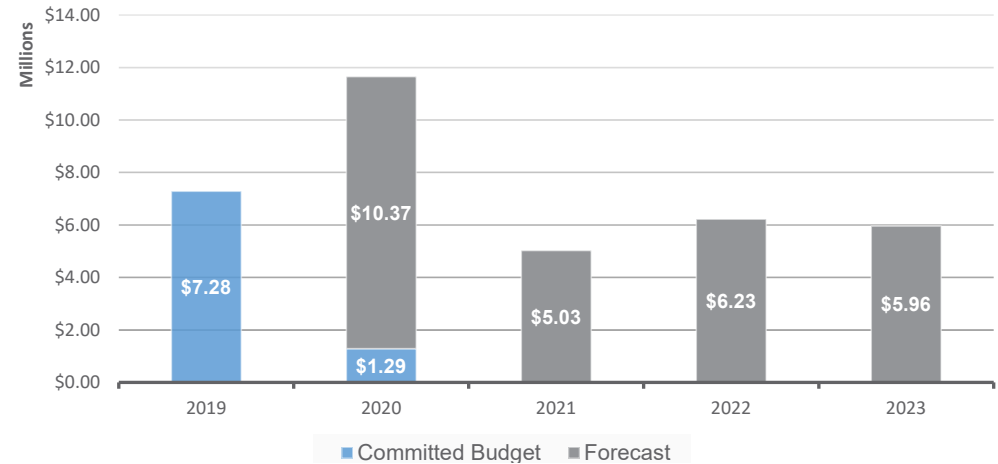
Over the period 2019 to 2023, including previous commitments, the total draws from the water capital reserve are forecasted to be \$42 million. Some of the biggest projects funded from the Water Capital Reserve are the watermain cathodic protection and the PVR chamber replacement programs, the watermain rehabilitation on Ferndale Drive South, as well as the watermain construction on the new Harvie Road and Big Bay Point crossing – Highway 400.

In the same 5 year period, total contributions are forecasted at \$21.2 million.

Water Capital Reserve 5 year Avg Draw vs 5 year Avg Contribution (million)



Water Capital Reserve Committed Budget and Forecast (million)



Water Capital Reserve	2019	2020	2021	2022	2023
Beginning Balance	\$ 19,627,862	\$ 11,088,254	\$ 3,694,616	\$ 2,932,112	\$ 716,713
Draws Previous Commitments	\$ (5,868,749)				
Draws from Reserves – Capital	\$ (7,281,031)	\$ (11,653,458)	\$ (5,030,050)	\$ (6,226,000)	\$ (5,961,500)
Contribution to Reserves	\$ 4,610,173	\$ 4,259,820	\$ 4,267,546	\$ 4,010,601	\$ 4,078,781
Fully Committed Reserve Balance	\$ 11,088,254	\$ 3,694,616	\$ 2,932,112	\$ 716,713	\$ (1,166,006)

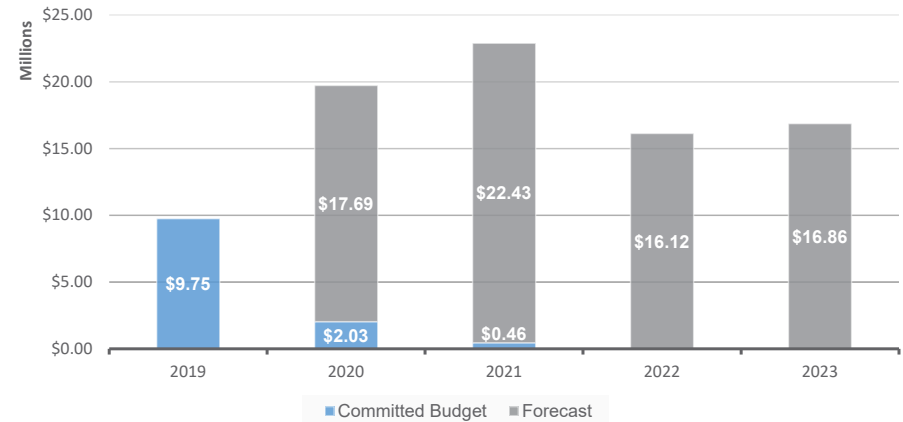
Wastewater Capital Reserve Fund

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 fund is projected to have a balance of \$23.1 million at the end of 2019.

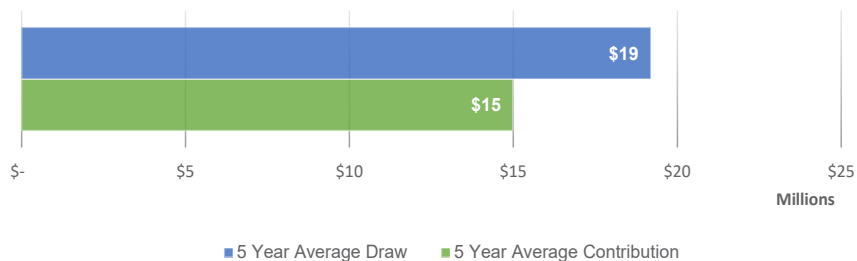
Over the 5 year forecast period, including previous commitments, the total draws from the wastewater capital reserve are forecasted to be \$96.0 million. Some of the main projects funded from the Wastewater Capital Reserve included in the 2019 Capital plan are the new advanced nutrient removal and the UNOX to aeration tanks conversion at the wastewater treatment facility, the sewage pump station relocation on Minets Point and the trunk sanitary sewer expansion at Bishop Drive.

Over the same 5 year period, total contributions are forecasted at \$74.9 million.

Wastewater Capital Reserve Committed Budget and Forecast (million)



Wastewater Capital Reserve 5 year Avg Draw vs 5 year Avg Contribution (million)



Wastewater Capital Reserve	2019	2020	2021	2022	2023
Beginning Balance	\$ 29,219,045	\$ 23,104,496	\$ 18,006,222	\$ 10,037,833	\$ 9,260,940
Draws Previous Commitments	\$ (9,824,804)				
Draws from Reserves – Capital	\$ (9,753,305)	\$ (19,717,274)	\$ (22,886,638)	\$ (16,122,000)	\$ (16,860,596)
Non-Capital Commitments	\$ (793,571)				
Contribution to Reserves – Capital	\$ 14,257,131	\$ 14,619,000	\$ 14,918,249	\$ 15,345,107	\$ 15,790,115
Fully Committed Reserve Balance	\$ 23,104,496	\$ 18,006,222	\$ 10,037,833	\$ 9,260,940	\$ 8,190,459

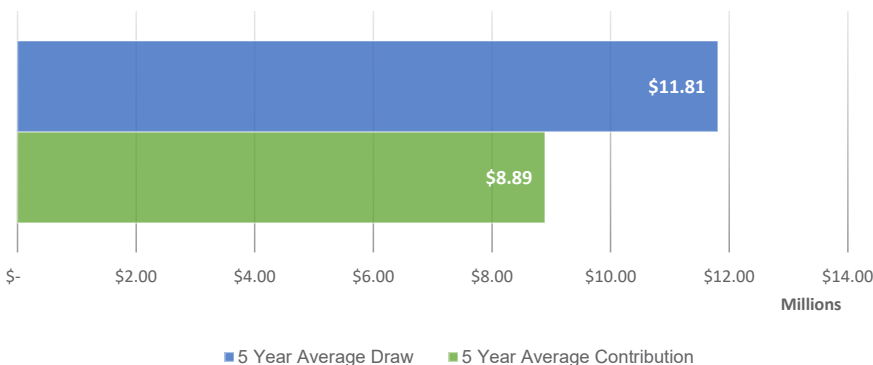
Federal Gas Tax Reserve

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.

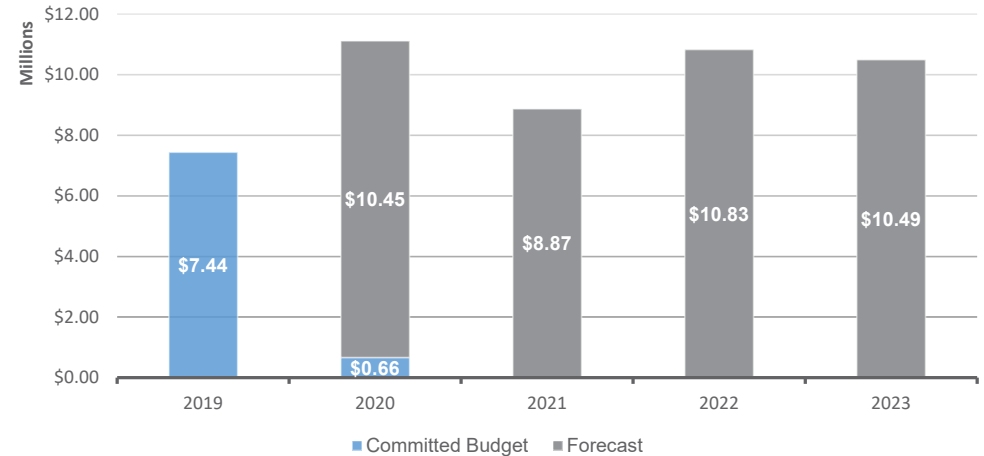
Including previous commitments, the total draw from this reserve between 2019 and 2023, is project to be \$55.7 million. The most significant commitment of \$24 million over the next 5 years, identified to be funded from the Federal Gas Tax is the Road Resurfacing Program to restore and preserve road pavement condition at various locations selected each year. Other big projects funded from the Federal Gas Tax in the 2019 Capital Plan are the Dyments Creek culvert expansion, the end of life pavement replacement program, as well as the culvert construction on Bryne Drive from Harvie Road to south of Essa.

Over the same period, expected contributions are forecasted at \$44.5 million.

FGT Reserve 5 year Avg Draw vs 5 year Avg Contribution (million)



Federal Gas Tax Reserve Committed Budget and Forecast (million)



Federal Gas Tax Reserve	2019	2020	2021	2022	2023
Beginning Balance	\$ 10,741,794	\$ 4,300,173	\$ 1,173,413	\$ 568,775	\$ (2,003,425)
Draws Previous Commitments	\$ (6,998,371)				
Draws from Reserves – Capital	\$ (7,439,400)	\$ (11,112,910)	\$ (8,870,840)	\$ (10,828,402)	\$ (10,489,105)
Non-Capital Commitments	\$ (585,000)	\$ (595,000)	\$ (705,000)	\$ (715,000)	\$ (705,000)
Contribution to Reserves	\$ 8,581,150	\$ 8,581,150	\$ 8,971,202	\$ 8,971,202	\$ 9,361,254
Fully Committed Reserve Balance	\$ 4,300,173	\$ 1,173,413	\$ 568,775	\$ (2,003,425)	\$ (3,836,276)

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 2019 include a stormwater utility financial study and the downtown parking study. On the operating side, funding from the reserve is planned to offset 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 \$27.9 million in total for the period 2019 – 2023, with an inclining annual contribution of \$5 to \$6 million. There are two initiatives allocated to the Community Benefit Reserve in the 2019 capital plan; the Fisher Auditorium Redevelopment, and the Georgian College – Advanced Technology, Innovation and Research Centre.

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.

The ending balance of the Cash-in-lieu Parkland is projected to have an inclining trend in the next five years, however, the contributions to the reserve have a degree of uncertainty. The operating park asphalt replacement and

marking program is planned to be supported by the reserve, along with capital playground revitalization programs at Heritage Park, MacMorrison Park, etc., as well as the construction of the North Shore Trail new water access points.

Cash-in-lieu Parkland	2019	2020	2021	2022	2023
Beginning Balance	\$ 5,699,715	\$ 5,910,333	\$ 6,604,155	\$ 6,945,927	\$ 7,879,077
Draws Previous Commitments	\$ (806,304)				
Draws from Reserves – Capital	\$ (491,600)	\$ (1,049,700)	\$ (1,636,750)	\$ (816,850)	\$ (1,045,850)
Non-Capital Commitments	\$ (55,000)	\$ (70,000)	\$ (85,000)	\$ (100,000)	\$ -
Contribution to Reserves	\$ 1,563,522	\$ 1,813,522	\$ 2,063,522	\$ 1,850,000	\$ 1,850,000
Fully Committed Reserve Balance	\$ 5,910,333	\$ 6,604,155	\$ 6,945,927	\$ 7,879,077	\$ 8,683,227



Strategic Priorities Reserve

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

The ending balance of the Strategic Priorities reserve is estimated to be a little over \$1 million at the end of 2018. Some of the outstanding commitments to the Strategic Priorities reserve include the redevelopment of the Transit Terminal (budget of \$748 thousand in 2017); establishing the Sandbox Entrepreneurship Centre (budget of \$500 thousand in 2017) and the design phase of the Fisher Auditorium re-development.

Tourism Reserve

The Tourism Reserve was established in 2018 to support the sector of tourism 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, taking 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 2019. The forecasted contribution includes the City's 50% portion of the collected municipal accommodation tax next year, estimated at \$611 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 2019.



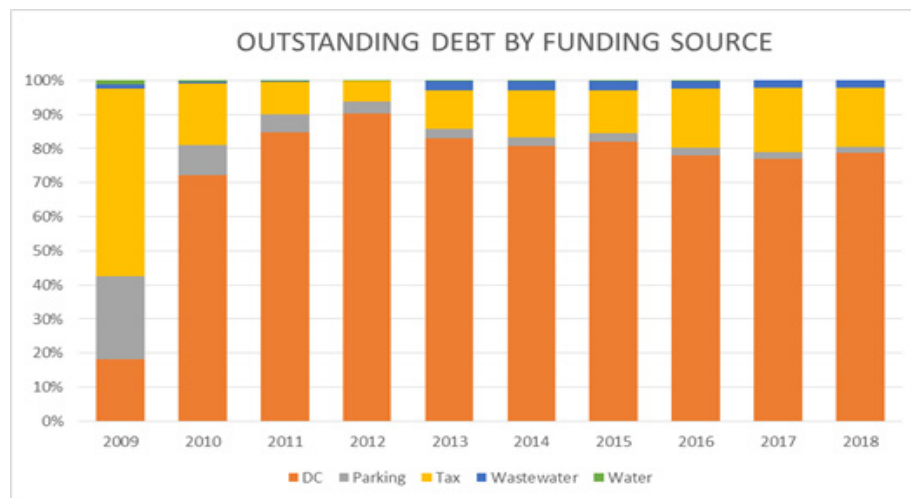
DEBT MANAGEMENT

Existing Debt

The chart below shows the outstanding balance of City issued long term debt up to and including 2018 (existing debt). From its peak of \$304 million in 2016, the balance of the existing debt declined by 6% year over year in 2018 to \$284 million.

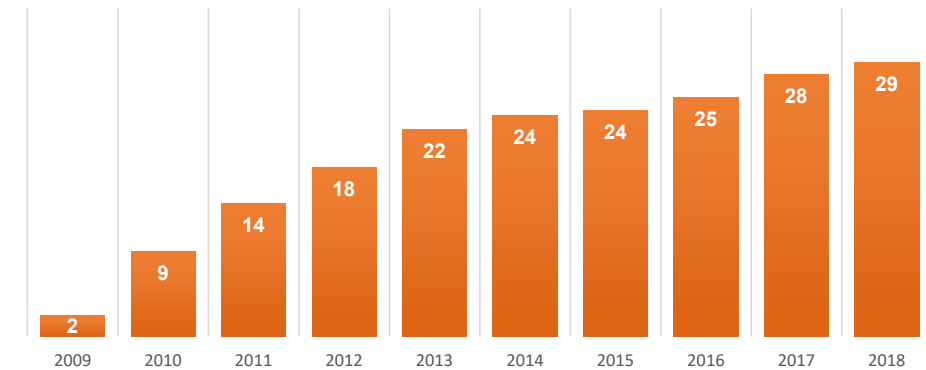


Growth related debt, funded by development charges (DC), accounted for 79% of existing outstanding debt in 2018. Meanwhile, Tax funded debt represented 17% and the remaining 4% was funded by user rates (wastewater, water and parking).



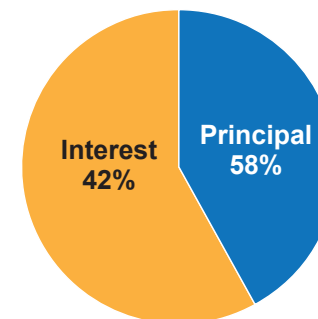
The cost of servicing the City's debt increased, year over year, by 5% in 2018 to \$29.2 million from \$27.9 million due to debentures issued in December 2017 in the amount of \$12.7 million.

Debt Servicing Cost - Existing Debt

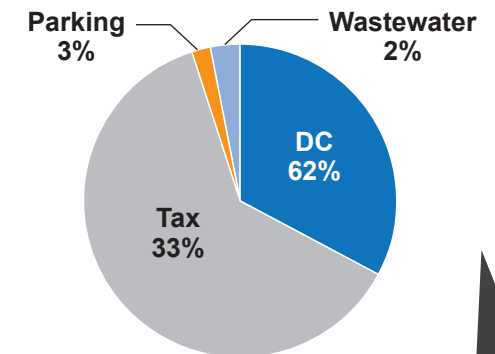


During the same period, the chart below shows that 58% of the debt servicing cost consisted of principal repayment compared to 55% in 2017. This is partly attributable to the 10-year debentures issued in 2009 nearing maturity, hence more of the debt servicing cost going towards principal repayment, and the serial structure of the December 2017 debentures. A serial debenture retires an equal amount of principal throughout the life of the debenture versus the increasing repayment of principal with an amortizing debenture structure.

2018 Debt Servicing Cost



2018 Debt Servicing Cost by Funding Source



The second chart on the prior page shows the breakdown of the 2018 debt servicing cost by funding source. Growth related debt accounted for 62% of the debt servicing cost even though it represents 79% of the outstanding debt. This is due to the longer tenure of these obligations. The weighted average amortization for DC debt at issuance was 30 years versus 10 year for tax funded debt. Tax funded debt represented 33% of the debt servicing cost and the remainder was attributable to the user rates.

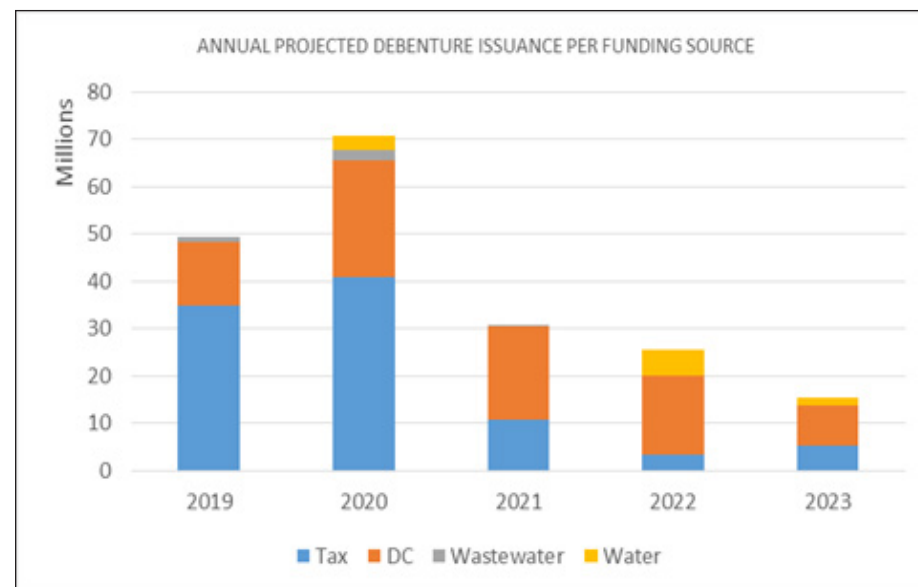
Forecasted Debt Issuance

The City is planning a 2019 debenture issuance of \$49.5 million consisting primarily of the projects listed below. The amount and timing of the 2019 debenture issuance reflects best estimates at the time of budget preparation. The amount and timing of the specific debentures are subject to change based on market conditions and financial requirements of the City.

Project	2019
Barrie - Simcoe Emergency Services Campus – Phase 1	31,329,642
Harvie Road and Big Bay Point Road New Crossing - Hwy. 400	4,654,273
WwTF Biosolids Storage Tank Mixers	1,336,000
Salt-Sand Storage Building - R.A. Archer Centre	1,166,200
McKay Road ROW Expansion - County Road 27 to Hwy. 400 (Developer)	1,029,627



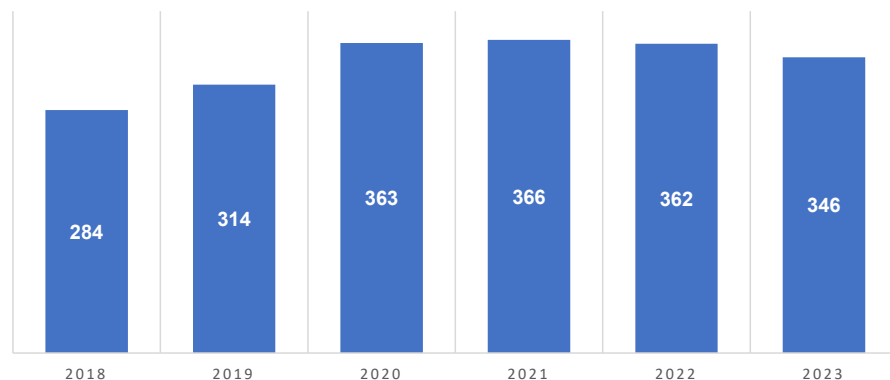
The table below provides the forecasted annual debenture requirement for each of the next 5 years, separated into Tax, Water, Wastewater, and Development Charge supported debt. The forecast is based on the proposed capital plan and anticipated reserve levels. Variation in the plan and/or available funding will impact the amount of debt ultimately issued.



Forecasted Debt Levels

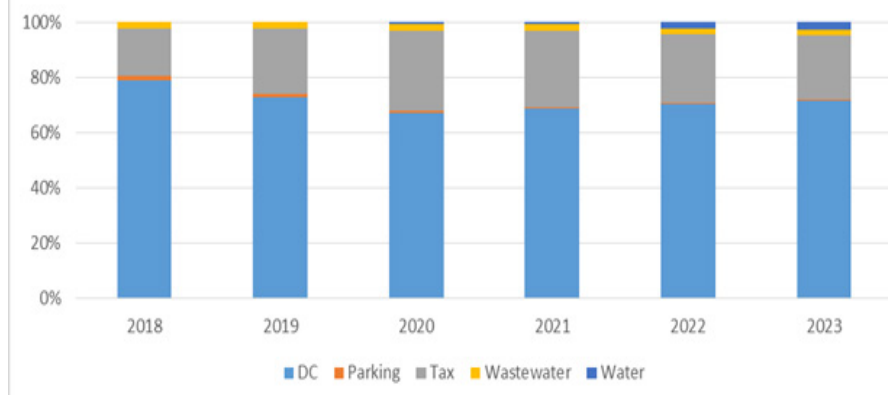
Under the proposed plan the chart below shows the anticipated debt balance for the next 5 years including the existing debt. The balance is expected to increase to a peak of \$363 million in 2021 as the legacy debt is being issued before declining to \$346 million as we near the maturity year of the 15-year debenture issued in 2009.

FORECASTED DEBT LEVELS PER YEAR



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

FORECASTED DEBT LEVEL BY FUNDING SOURCE

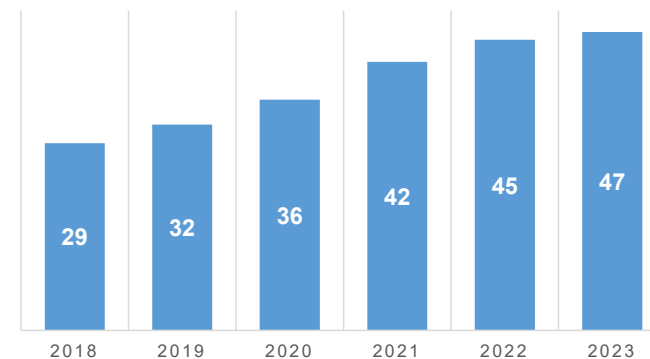


Growth related debt is expected to decrease from 79% to 72% over the next 5 years and tax funded debt will increase by 5 percentage point to 23% over the same period.

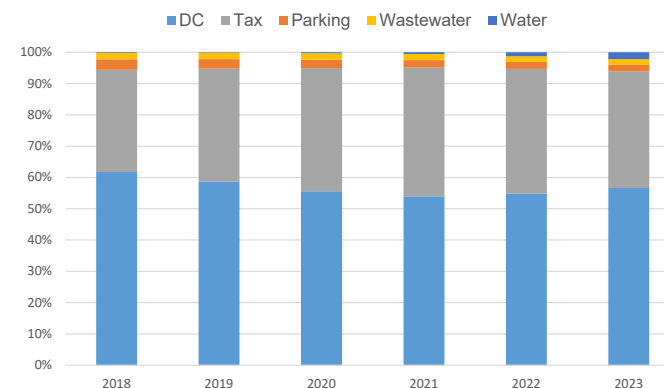
Expected Debt Servicing Cost

The projected debt servicing cost, which includes existing contractual obligations as well as expected futures cost, is based on market expectations for a gradual increase of interest rates as recently indicated by the Bank of Canada. 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 in aggregate as well as by funding source.

EXPECTED DEBT SERVICING COST



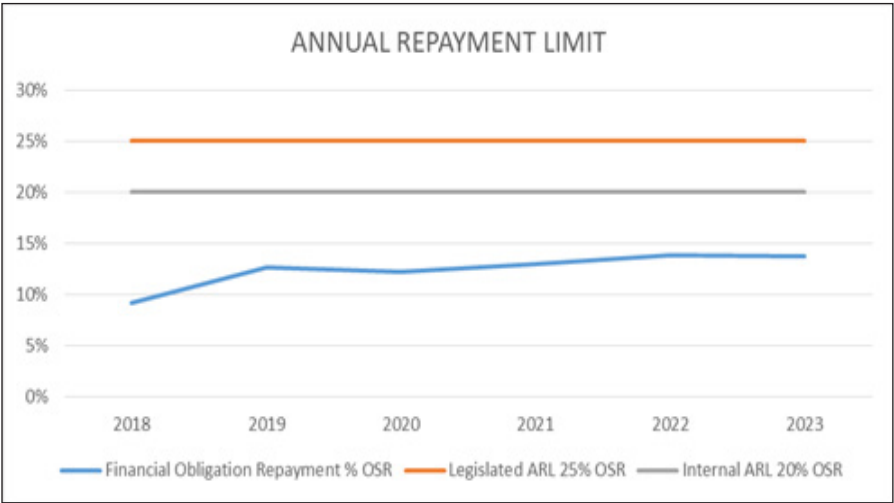
EXPECTED DEBT SERVICING COST BY FUNDING SOURCE



Debt servicing cost is expected to increase year over year by \$2.8 million to \$32.2 million in 2019. Growth related debt accounts for \$791 thousand of the increase in debt servicing cost and \$2 million is attributable to tax funded debt. The remainder is funded by user rates. Fifty six percent (56%) or \$19 million of the 2019 debt servicing cost is funded from development charges and \$11.5 million from tax.

Debt Affordability & Policy Guidance

The City’s debt policy includes a total annual debt repayment limit 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 since 2001 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, which has led to an increased reliance on debt.

The change in each of the measures identified below demonstrates the slight change in the City’s debt and estimated reserve balances.

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.

Sustainability Measures	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2019 Budget
Financial Assets to Liabilities	0.52	0.48	0.53	0.57	0.52	0.62	0.72	0.74	0.73
Debt to Total Revenue	0.75	0.86	0.94	0.85	0.78	0.91	0.78	0.75	0.79
Debt to Reserves	1.17	2.13	2.38	2.22	2.34	2.37	2.32	2.55	2.48
Debt Per Household	\$ 4,076	\$ 5,047	\$ 5,453	\$ 5,423	\$ 5,488	\$ 5,825	\$ 5,739	\$ 5,394	\$ 5,874

With the anticipated increases in debt, these measures may become less favourable in future years. At this time, the greatest risk is associated with liquidity as a result of low reserve balances and comparatively high debt. The area with the greatest risk is debt serviced from development charges. While there are currently no specific indications of a significant slowdown in growth, such an occurrence would put pressure on the City to service this debt from its limited reserves.

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	2011	2012	2013	2014	2015	2016	2017	2018 Forecast	2019 Budget
Debt Charges to Total Revenue	5.45%	6.48%	7.52%	7.36%	6.68%	7.48%	6.26%	7.52%	7.92%
Municipal Taxes as a % of Household Income	3.54%	3.50%	3.64%	3.55%	3.60%	3.68%	3.75%	4.06%	4.06%
Total Municipal Revenue to Taxable Assessment	1.77%	1.95%	1.82%	1.96%	1.95%	1.77%	2.00%	1.78%	1.91%

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.

The Federal Gas Tax (FGT) has been declared a permanent program with committed funding levels up to 2018, with an agreement continuing until the end of 2023. Staff have not received any information indicating these programs will be discontinued. Therefore, staff have assumed these funding levels will continue beyond 2018 for planning purposes.

As depicted in the table below, Infrastructure Stimulus Funding (ISF) impacted the City's vulnerability measures in 2011. MTO funding in relation to the Duckworth-Cundles interchange also impacted the 2014 to 2016 measures, dropping off in 2017. A significant source of funding was included in the 2018 forecast for projects approved under the Clean Water Wastewater Fund (CWWF) Grant Program.

Vulnerability Measures	2011	2012	2013	2014	2015	2016	2017	2018 Forecast	2019 Budget
Government Transfers to Total Revenue	11.4%	5.0%	6.1%	5.9%	6.4%	7.6%	4.5%	6.3%	3.5%

