



**FINANCE DEPARTMENT
MEMORANDUM**

TO: MAYOR J. LEHMAN, AND MEMBERS OF COUNCIL

FROM: C. MILLAR, DIRECTOR OF FINANCE AND TREASURER

NOTED: D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

RE: LONG RANGE FINANCIAL PLAN AND FINANCIAL POLICIES FRAMEWORK UPDATE

DATE: DECEMBER 11, 2017

The purpose of this Memorandum is to address the following paragraph from the recommendation from Finance and Corporate Services Committee regarding the Long Range Financial Plan and Financial Policies Framework:

“4. That staff provide options of increasing the Tax Capital Reserve contributions to achieve the targets from page 14 of the Long Range Financial Plan (LRFP), including the use of a portion of the Barrie Hydro Holdings Inc. (BHHI) dividends.”

The LRFP staff report suggests modifying the current dedicated infrastructure renewal fund contribution, from the current 1 per cent to 1.7 per cent phased in over three years beginning in 2019.

The LRFP staff report also suggests the establishment of a “Community Benefit Reserve” with the reserve to be funded by dividends received from BHHI to a maximum reserve balance of \$10 million, and the Reserve be used to fund projects and initiatives deemed to have significant strategic and/or community benefit.

In response to Finance and Community Services Committee direction, staff have reviewed other options related to a policy framework that would achieve a similar result. An alternative is to implement a policy that would increase the annual Dedicated Infrastructure Renewal Fund contribution of 1 per cent, by not more than 0.1 percent in any given year; and to allocate not more than 20 percent of any annual BHHI dividend as a contributed to the Tax Capital Reserve beginning in 2018, with the decision regarding the specific allocations in any year to be subject to council approval.

By specifically allocating up to 20 per cent of the annual BHHI dividend to the Tax Capital Reserve, it will help to achieve the financial goals identified within the Long Range Financial Plan staff report.

Should General Committee wish to proceed with this alternative policy framework, the following amendments to the current motion would be required:

1. That paragraph 3 b be amended by adding “a minimum of 80 percent” to the reference related to BHHI dividend.
2. That a new paragraph 3 c be added as follows:
 3. c) That the existing Dedicated Infrastructure Renewal Fund contribution be increased by no more than 0.1 percent in any given year, and a maximum of 20 per cent of any annual Barrie Hydro Holdings Inc. dividend be contributed directly to the Tax Capital Reserve beginning in 2018, with specific direction regarding allocations to be subject to Council approval.
3. That paragraph 4 be deleted.