

2014 Business Plan

General Committee Meeting
January 20, 2014

September 26, 2012

Setting the Foundation

The City of
BARRIE

Key Messages About the 2014 Business Plan

- Responds to priority service areas identified by Council
- Continues the direction started in 2010 to address asset renewal and maintenance needs
- Increases reliance on user fees and charges
- Anticipates future financing requirements by minimizing debt and focusing on the City's highest-priority needs
- Maintains Barrie's position as a community with lower than average property taxes

2014 Budget Directions

- Maintain current service levels
- Increase reliance on fees and charges
- Identify service level changes that reduce the property tax change to 2%
- Capital Budget to include highest priority projects based on risk-based assessment framework
- User rate changes of 7% for Water, 12% for Wastewater
- Minimize Parking subsidy

The Recommended 2014 Business Plan Includes:

1. Services and service levels resulting in a 2.8% property tax increase
 - No new tax-supported staffing requests
2. Water and wastewater services reflecting all current regulatory and legislative standards, resulting in a 7% increase for water rates and a 12% increase for wastewater rates
3. A \$152M capital budget, including \$53M in new projects and \$99M in projects approved in prior periods and ongoing in 2014

Subsequent Events

- In December, after the cutoff date for finalizing the estimates in the published Business Plan, additional information became available related to:
 - Changes in estimated employee benefits costs
 - Subsidy requirements for Parking operations
 - The Barrie Public Library budget
 - Recent Council decisions

2014 Budget Changes

2014 Cost Changes from 2013	Change (\$) 2014 v. 2013	Tax Rate Impact (%)
Annualization of 2013 Program Changes	893,000	
Asset renewal	2,567,000	
Employee Costs	2,762,000	
Tax Rate subsidy for Parking Services	814,000	
Tax-supported debt service costs (net)	240,000	
Salary Gapping	(160,000)	
Revenue Growth from New Assessment	(1,380,000)	
Base budget reductions (LSRA, Vehicle Repairs, MPAC Fee)	(370,000)	
Other individually immaterial changes to base budget	526,000	
Total – Municipal Services (A)	5,952,000	2.7%

2014 Budget Changes

Description	Change (\$) 2014 v. 2013	Tax Rate Impact (%)
* Recommended Service Level Changes (“SLCFs”)	(358,000)	
** Pending Adjustments	(814,000)	
(B) Total – SLCFs + Pending Adjustments	(358,000)	(0.2%)
(A) Total – Municipal Services (CFWD from previous slide)	5,952,000	2.7%
(C) = (A+B) Total – Municipal Services + SLCFs + Pending Adjustments	4,779,000	2.5%
Subsequent Events	800,694	0.3%
2014 Change Compared to 2013, including Subsequent Events	5,579,694	2.8%

Subsequent Events

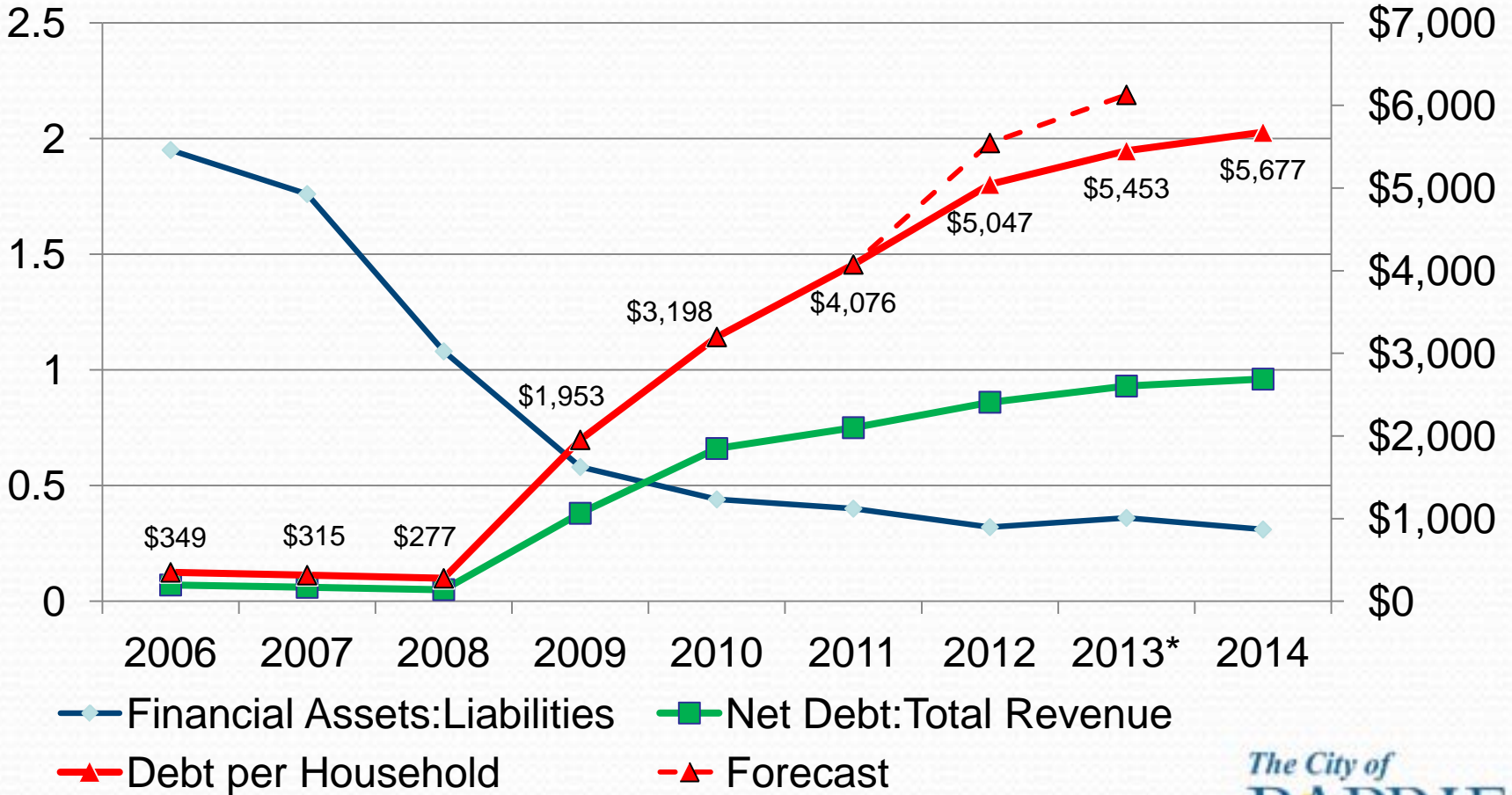
Subsequent Events	Amount	Tax Rate Impact (%)
Employee Benefit Cost estimates – Tax-supported services	425,000	
Increased investment income	(236,000)	
Barrie Public Library	192,557	
Reduced Tax Rate subsidy for Parking Services	(200,000)	
Downtown feasibility study	30,000	
International Relations Committee	17,000	
Postage costs	40,000	
Nottawasaga Valley Conservation Authority	(7,863)	
Employee Benefit Cost estimates – Barrie Police Service	540,000	
Total – Subsequent Events	800,694	0.3%

Property Tax Comparison - 2013

Property Type	Barrie	Cities 100,000+ Avg.
Detached Bungalow	\$3,168	\$3,484
Senior Executive	5,249	6,156
Walk-up Apartment	1,138	1,565
Mid/High Rise	1,272	1,718
Office Bldg (sq. ft)	3.44	3.40
Std. Industrial (sq. ft.)	1.12	2.06

Source: 2013 BMA Municipal Study

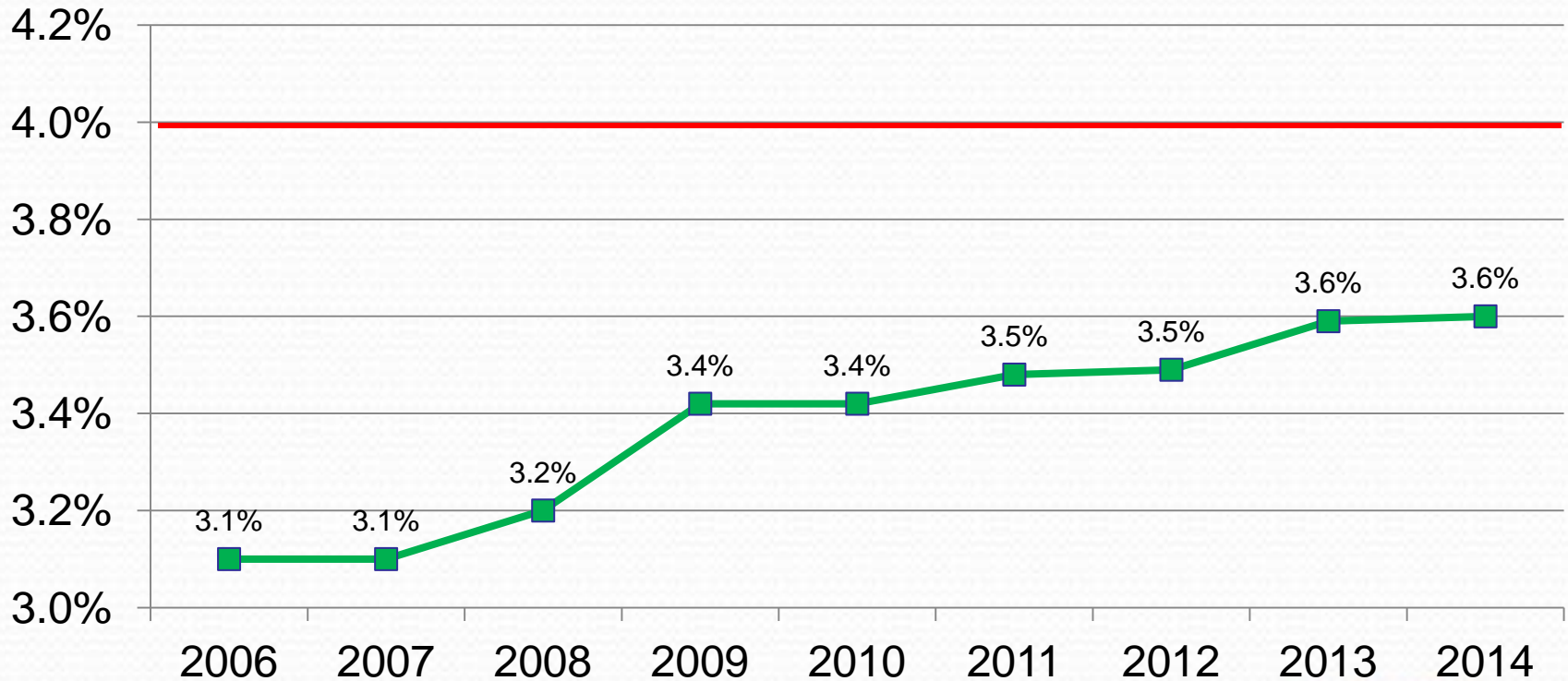
We Are Managing our Financial Condition



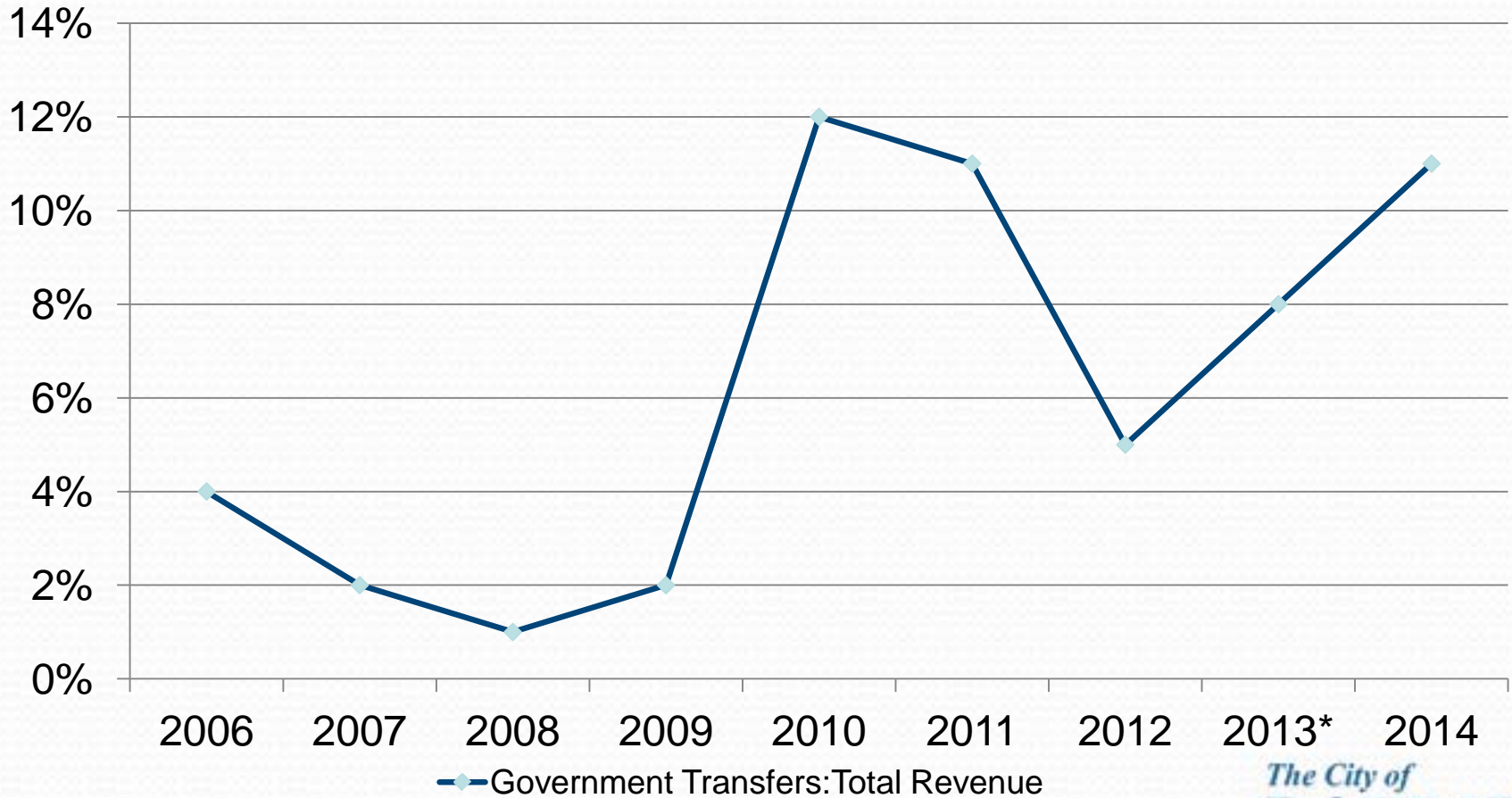
* 2013 projected; 2014 Budget

Choices That Increase Revenues Are Available

Municipal Taxes as a % of Household Income



Low Reliance on Funds From Senior Governments



* 2013 projected; 2014 Budget

Water and Wastewater Budgets

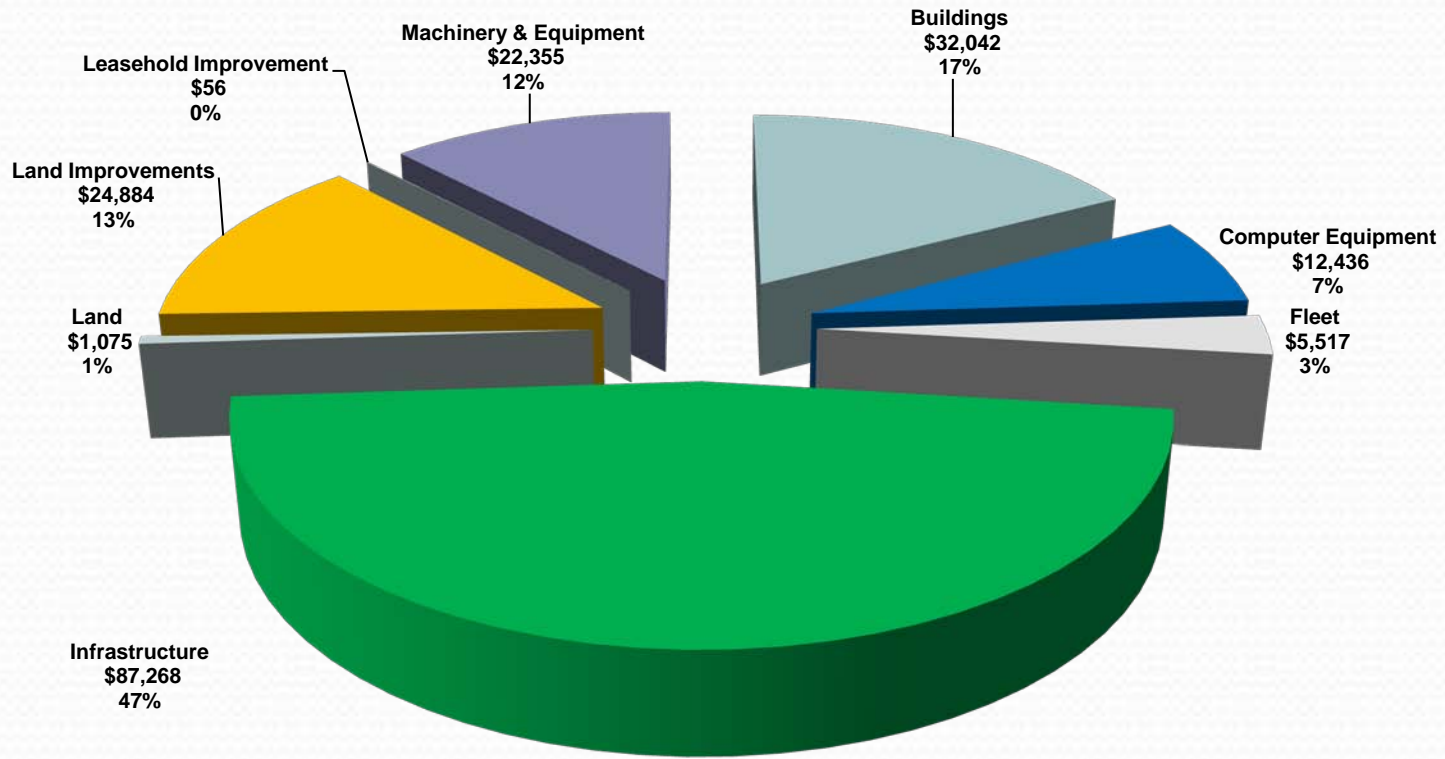
- Follow Council's budget directions to produce plans that anticipate a 7% rate increase for water, 12% rate increase for wastewater
- Rate adjustments influence the amount of funds transferred to the Water and Wastewater Reserves

2014 Draft Capital Budget

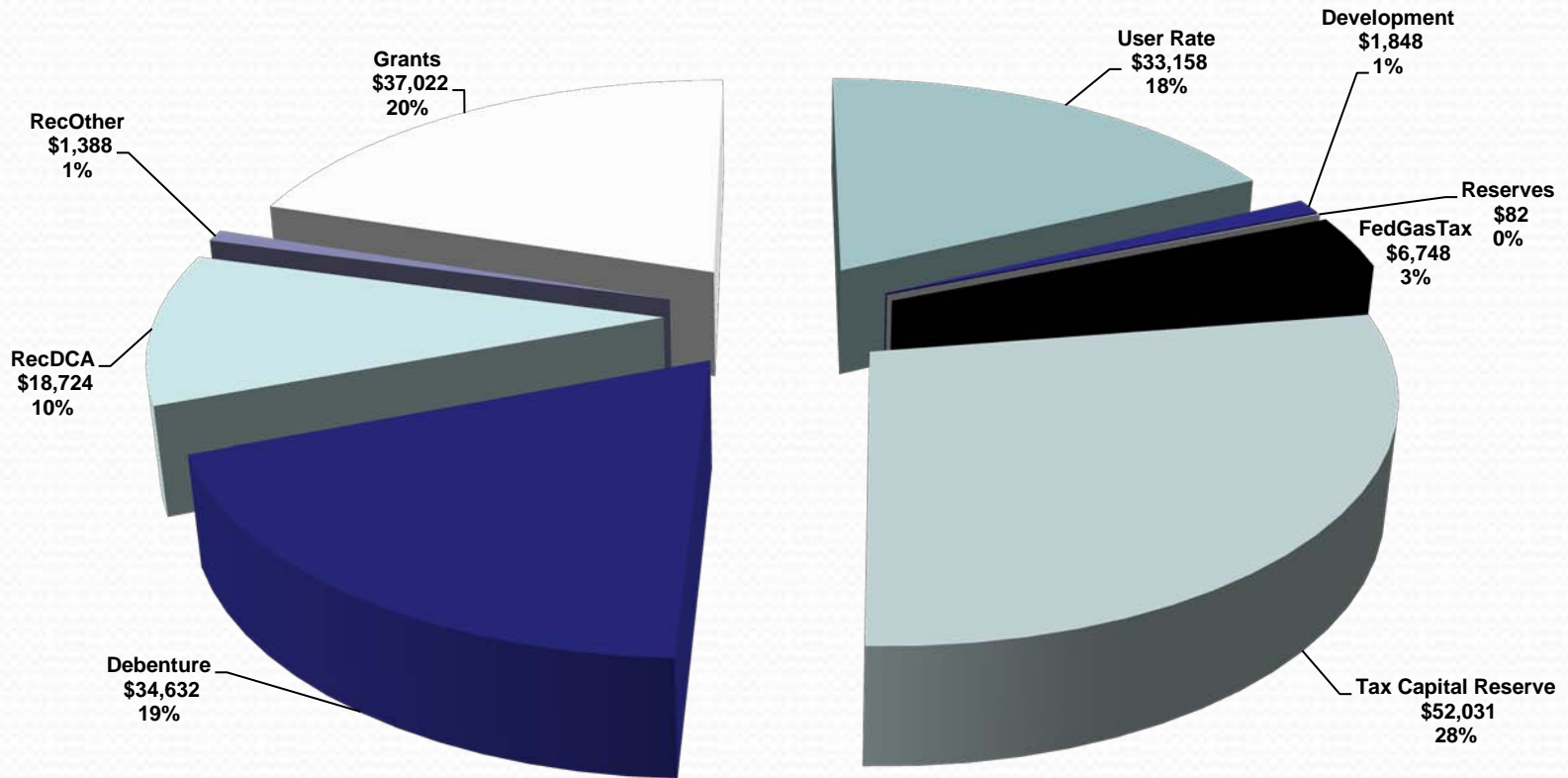
Capital Planning Objectives

- Demonstrate good stewardship over the City's existing assets to support services at desired levels
- Additional capacity needs of the City are provided for in a sustainable manner
- Develop an optimal investment program
- Produce a Capital Plan that is:
 - Reliable and executable
 - Addressing the City's most critical needs
 - Matched with available financial resources
 - Aligned with advancing Council's Strategic Goals

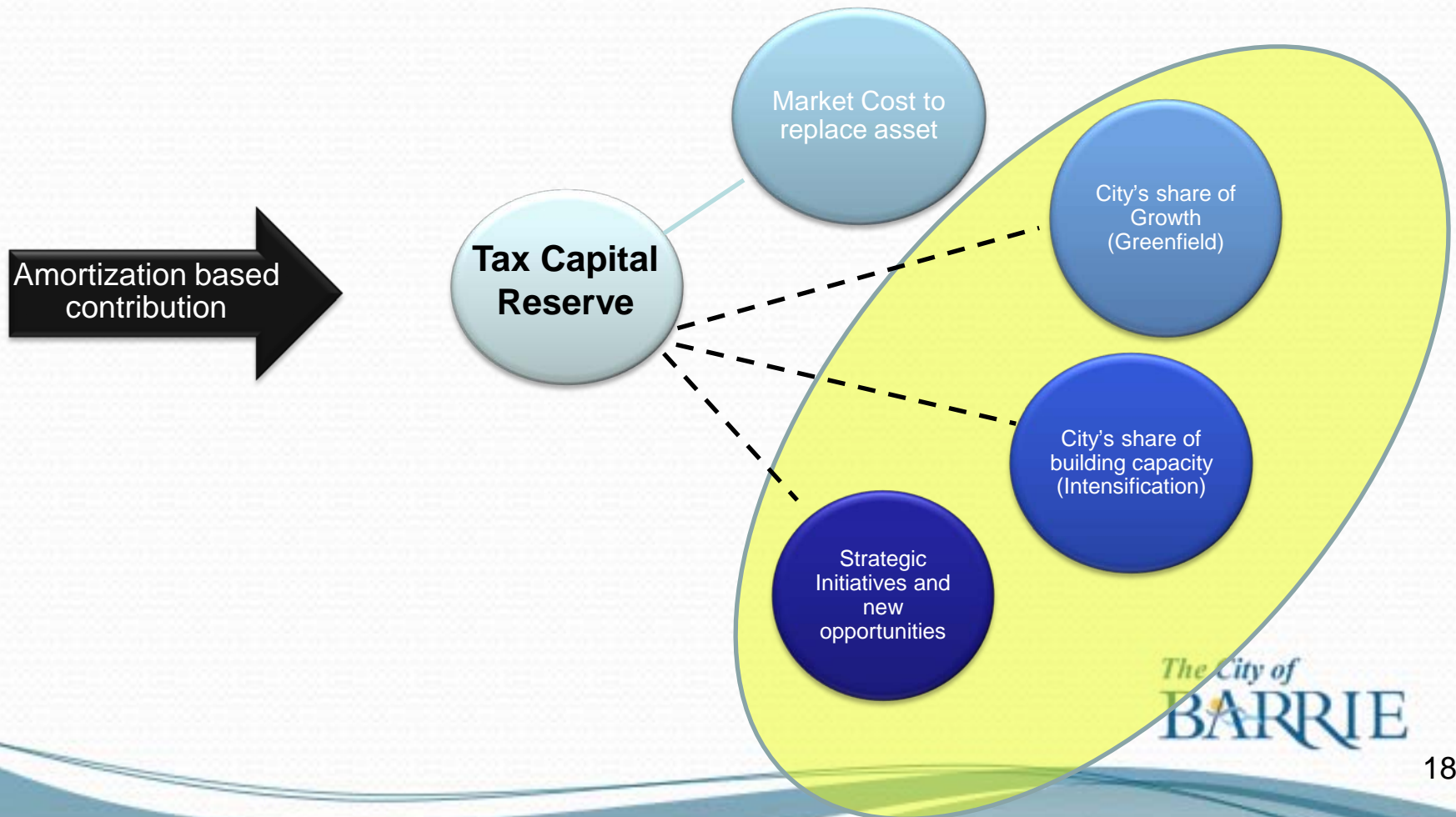
2014 - 2016 Capital Plan - Total Planned Expenditures by Asset Class (\$000)



2014 - 2016 Capital Plan - Total Planned Expenditures by Funding Source (\$000)



Funds Set Aside for Asset Renewal Are Lower Than Funding Requirements



Reserves

- Reserves help to:
 - smooth tax rate increases over an extended period of time to ensure funds are available when we need them
 - Reserves help to decrease our reliance on debt financing
- Contributions to reserves are not sufficient

User Fees and Charges

- Generally reflect choices about the level of “community benefit” vs. “individual benefit” associated with programs and services
- Users have discretionary access and/or choice about the level of service they consume
 - Parking
 - By-law
 - Fines
 - Permit applications

The 2014 Business Plan:

- Addresses priority service areas and directions identified by Council
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