2016 Asset Management Symposium
The Big Picture: Finance & Engineering Working Together
City of Barrie Case Study

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Presentation Outline

- Background: The Planning Context
- Long Term Financial Sustainability/Integrating
  - Land Use Planning
  - Infrastructure Planning (existing & new assets)
- Financial Planning
- Outcomes
Population Forecast

- +3.7 million people (2031)
- 80% of growth in GGH
- 1.8 million acres environmental lands at risk
Relevant Provincial Legislation

- Places to Grow Act, 2005
- Greenbelt Act, 2005
- GGH Growth Plan, 2006
- Lake Simcoe Protection Act, 2008
- Simcoe Area: A Strategic Vision for Growth, 2009
- Lake Simcoe Protection Plan, 2009
- Proposed Amendment 1 to the Growth Plan, 2010
- Bill 196-Barrie Innisfil Boundary Adjustment Act, 2010
- Amendment 1 to the Growth Plan, 2012
Places to Grow Act: Barrie

- 210,000 people (2031)
- 101,000 jobs (2031)
- Urban Growth Node

Bill 196 Barrie Innisfil Boundary Adjustment Act

- January 1, 2010
- 2,293 hectares annexed
- 40,000 people
Traditional Approach to Growth Management

- Land Use Planning (Planning Department)
- Infrastructure Planning (Engineering Department)
- Financial Planning (Finance Department)
Integrated Approach to Growth Management

- Financial Planning
- Land Use Planning
- Infrastructure Planning

- Steering Committee – internal
- Working Group – internal
- Inter-Agency Technical Advisory Committee – internal/external
- FIA Review Group – internal/external
- MOU Negotiating Team – internal

Post Implementation
- Steering Committee - internal
- Developer Liaison WG – internal/external
- Growth Process Mapping - internal
- OMB Appeal Working Group – internal
Integrated Approach to Growth Management

- Growth Management Strategy
- Land Use Options (3)
- Secondary Plans (2)
- Tertiary Plans (2)
- Statutory Public Meetings

Financial Planning -> Land Use Planning -> Infrastructure Planning
Integrated Approach to Growth Management

- Financial Planning
- Land Use Planning
- Infrastructure Planning

- Master Plans
- Asset Management Plans
- Statutory Public Meetings

- Growth Management Strategy
- Land Use Options (3)
- Secondary Plans (2)
- Tertiary Plans (2)
- Statutory Public Meetings
Infrastructure Implementation Plan
Asset Management Planning

How everything works together...

PSAB Tangible Capital Assets Reporting (Annual)

Current Asset Portfolio

Master Plans (Updated every 5 yrs)
- Water (25 yr)
- Wastewater (25 yr)
- Storm Drainage (25 yr)
- Transportation (25 yr)
- Parks & Rec’n (10 yr)
- Library
- Fire
- Accommodation

10-Yr Capital Program (Annual)

AM Plan (Annual)
- Transportation
- Environmental
- Rec & Culture
- Facilities
- Fleet

3-Yr Operating Program (Annual)

Long Range Financial Plan (Annual)

Corporate Asset Status Report
Asset Risk Portfolio

Corporate Asset Replacement Requirements - 20 Year Horizon

Average required investment: $87,484,966
Goal Setting & Priority Management
### Prioritization Matrix

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<th>Importance Scale</th>
<th>Urgency Scale</th>
<th>Consequence of Failure</th>
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Integrated Approach to Growth Management

- Fiscal Impact Analysis (20yr) – peer review
- DC Background Study
- Memorandum of Understanding
- DC Statutory Public Meeting
- Front-ending Agreements
- Long Range Financial Plan

Financial Planning

Infrastructure Planning

Land Use Planning

- Growth Management Strategy
  - Land Use Options (3)
  - Secondary Plans (2)
  - Tertiary Plans (2)
  - Statutory Public Meetings

- Master Plans
- Asset Management Plans
- Statutory Public Meetings
**Significant Growth And Renewal Needs**

**Capital Program**
- **$3,100 million**

**New Assets**
- **$1,800 million**
  - **DC Eligible**
    - **$1,200 million**
  - **Capital Contribution**
    - **$100 million**
  - **Existing Benefit**
    - **$500 million**

**Existing Assets**
- **$1,300 million**
  - **Asset Management Plan**
    - **$1,200 million**
  - **Pooled Assets**
    - **(Technology, Police, Furniture, etc.)**
    - **$100 million**

**DC By-law 2012-2031**
- **$1,000 million**

**Post 2031 Benefit**
- **$200 million**

**Notes:**
- Excludes DC Eligible Debt ($550 million)
- Includes Federal Gas Tax funding
- Includes Federal/Provincial funding for Duckworth Interchange ($33 million) and Harvie Road Interchange ($9 million)
- Numbers are approximate due to rounding
Barrie’s Fiscal Targets

- Property Taxes Not to Exceed 4% of Average Household Income
- Water/Wastewater Bills Not to Exceed 2.5% of Average Household Income
- Debt Charges Not to Exceed 20% of Household Income
- Tax Supported Debt Charges Not to Exceed 10% of Tax Levy
Need to Understand the Whole Picture

Debt Levels

Tax Rates & Water Wastewater Fees

- New Infrastructure
- Infrastructure Renewal
- Operating Costs New Infrastructure
- Life Cycle Costs
- Reserve and Reserve Funds
- New Revenues
- DCs, Fees, New Assessment
The Base Case

- 100% of Asset Replacement
- Growth Related Capital
- Other Minor Asset Replacements Non – growth Related Works
Overview of Model Approach

BASE CASE

- 100% of the City’s asset replacement plan;
- growth related capital;
- other minor asset replacements;
- non-growth related works.

Scenario 1

A) Reduced Capital Spending to meet growth needs & minimum acceptable levels of asset replacement.

B) Deferral of project timing over forecast period.

C) Development Charge’s Collected for all services at time of Building Permit issuance.

Scenarios 2, 3, 4

Financing alternatives to minimize impact on:
- Tax rates;
- Water and wastewater rates; and
- Debt capacity.

Scenario 2:
- Refinements as per Scenario 1A & 1B
- Accelerated timing ofDevelopment Charge payment (at subdivision) for Water, Wastewater, Stormwater, and Road Services.

Scenario 3:
- Assumes Scenario 1 + Scenario 2 for Growth in “former Barrie”
- Assumes all growth-related capital costs are front-ended by developer in Annexed Lands associated with Water, Wastewater, Stormwater, and Road Services.

Scenario 4:
- Assumes Scenario 3
- Assumes a capital contribution to the Development Charge of $4,500 per housing units in Annexed Lands (collected at time of Building Permit issuance).

Prepared by: Watsons & Associates Economist Ltd.
Results of Scenario Analysis – Tax & Rates

Tax Rate

Water, Wastewater Rate
Results of Scenario Analysis – Debt Levels

Total Debt Charges % Own Source Revenue

Tax Supported as % of Tax Levy
Outcomes of Integrating Land Use Planning, Infrastructure Planning, & Financial Planning

- Extensive public/stakeholder/review agency consultation
- Detailed “tertiary plans” for the Annexed Lands
- Completed all the requirements for Schedule A, A+ and B projects using a specific Master Plan Class EA approach
- Infrastructure Master Plans (+20 years)
- Fiscal Impact Analysis - DC Background Study
- Approved Secondary Plans – subject to OMB
- Updated DC By-law
- Memorandum of Understanding with Developers
  (front-ending infrastructure, voluntary capital contribution, accelerated timing of DCs)
Infrastructure Renewal Levy

- Dedicated & Transparent Funding for Infrastructure
- Can be used to significantly reduce reliance on debt resulting in significant savings on interest costs OR for increased renewal of infrastructure, which will reduce maintenance expenditures
- Improves financial position, protects Credit Rating
- Common tool used by Municipalities to address Infrastructure Funding:
  - Kitchener, Oakville, Burlington, Brampton, Mississauga, Kingston, Halton Hills, Edmonton
Debt Charges Could be Reduced By $239 Million by 2031*

*Chart assumes all of the Infrastructure levy is used to reduce debt. A portion could be used to increase asset renewal work
Infrastructure Levy Slightly Increases Impact on Household Income

.... But Improves Financial Condition
- Governance through Growth Management Team
- Ongoing asset management
- New technology to monitor development plans (Accela)
- New legislation considerations (Bill 73)
- Timing of Development has changed from FIA
- Need to update financial forecasts
  - New Budget Software
  - Long Term financial plan