

## 2021 Draft Budget Highlights



*Sarnia: The Place You Want to be!*



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## **2021 DRAFT BUDGET OVERVIEW**

The 2021 Draft Budget is a good news story given the challenging year that 2020 has provided. Staff are proposing an increase of 2.39% in the general levy and 2.45% to the Transit area levy for a combined increase of 2.37% once an estimate for growth is taken into account. A 1% change in the general levy is approximately \$760,000. The combined increase in Water and Sewer rates is 3.57%.

The City will receive \$3,137,377 in covid-related Safe Restart funding from the Federal and Ontario governments in 2020. Of this amount, \$2,033,600 is related to general City covid pressures and expenses and \$1,103,777 is for Transit covid pressures and expenses. With the mitigation efforts implemented by Council and Staff, the City is expecting that most of these funds will be placed in reserves at the end of 2020 to address future challenges. The 2021 Draft Budget includes \$1,000,000 of the general Safe Restart funding to assist in mitigating general levy rate increases, leaving \$1,103,777 in reserves. The Transit Safe Restart funding is expected to be utilized in 2021 to mitigate any ongoing pressures.

The City is proposing an aggressive and expansive capital program with \$61,359,805 of capital projects being proposed. Proposed Capital projects span all City departments and include the replacement of Fire Station 3 on Colborne Road and a combination of projects that will result in the largest amount of road resurfacing in the City's history.

The City is continuing with its Asset Management funding initiatives with a further 2%, or \$1,485,752, being allocated to the capital reserve on top of the 2% that was embedded in the 2020 budget. This results in a total of \$2,239,717 being transferred to the Capital Infrastructure reserve and currently a buffer in the amount available to fund the City's \$61,359,805 proposed capital budget.

At the end of the day, if approved, the budget is delivering \$3,343,494 of surplus available funds for Council consideration.

## BUDGET

The budget is our plan to manage your money and other funding we receive to deliver the services important to you, your family and our community.

### 5 FISCAL FITNESS PILLARS



Reduce Debt



Increase  
Reserves and  
Reserve Funds



Maintain  
Affordable  
Service Levels



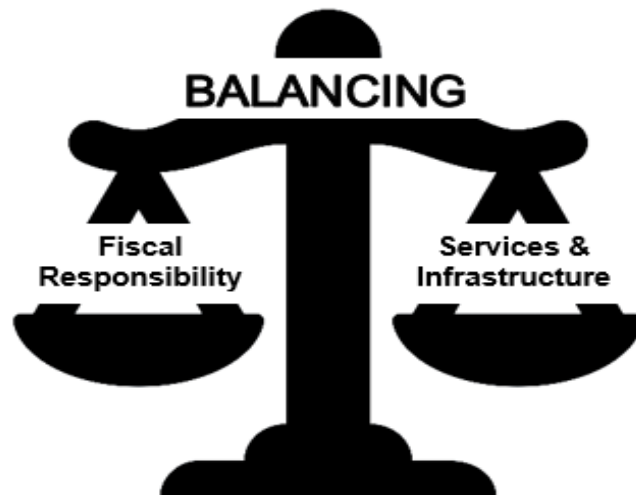
Infrastructure  
Renewal



Maintain  
Reasonable Tax  
Rates

## RESPONSIBLE FINANCIAL MANAGEMENT

*Align City services and capital investment with citizen expectations and ability to pay.*



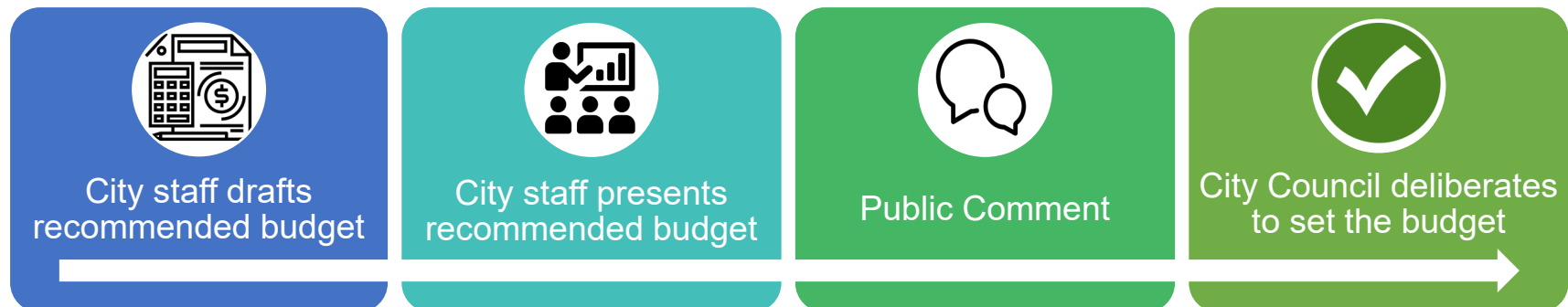
# BUDGET PROCESS

Sarnia's budget is first proposed by City staff to deliver the services and programs that our community values.

Once a recommended budget has been set by City staff, it is made public and presented to Council. Council and the community then have time to review and comment.

To help guide Council regarding the budget, City Council will hold a Public Input and Grants Session on Monday, November 23, 2020. Any citizen, group, or organization who wishes to make a presentation on the 2021 Budget is requested to notify the City Clerk's office on or before noon, Wednesday, November 18, 2020.

On December 1, 2020, Council will consider all aspects of the budget and aim to approve a budget that takes into account the City's *5 Fiscal Fitness Pillars*.



Email Questions or Comments to  
[finance@sarnia.ca](mailto:finance@sarnia.ca)





1.72M Passengers  
56 Bus Shelters (14 Solar)  
493 Bus Stops  
22 Conventional Buses  
17 Conventional Routes  
1.48M Conventional Revenue Kms  
26,721 Care-A-Van Passenger Trips  
7 Care-A-Vans  
6,911 Transit App Downloads  
33K Transit App Users



500 km of Watermains  
351 km of Sanitary Sewer  
321 km of Storm Sewer  
51 km of Force mains  
123 Watermain Breaks  
75 Service Repairs  
6,000 Service Locates  
609 Water On/Off  
56 Pumping Stations



7,729 likes  
5,027,620 impressions  
3,265,400 post reach

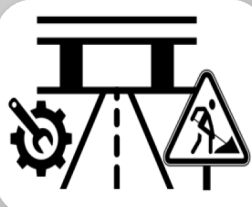


4,952 followers  
551,900 impressions

88 Documents Registered  
88 Property Searches  
113 Notaries



5 Fire Stations  
3,209 Responses  
9 Haz-Mat Responses  
30 Marine Responses (15 Training)  
1,419 Tiered Response  
543 Fire Prevention Inspections  
242 Motor Vehicle Collisions  
12,500 Public Education Interactions



2 Public Works Centres  
2 Wastewater Treatment Facilities  
441 km of Roads  
31 Bridges  
92 Traffic Lights  
7,792 Street Lights

35,096 Single & Multi-Family Households for Waste Pickup  
1,372 Tonnes of Compostable Material Collected

# SARNIA

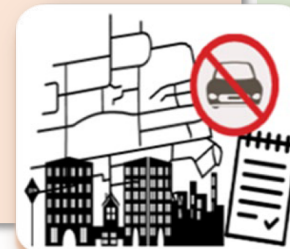
## THINGS WE DO

### live work play

40,040 Tax Bills Issued  
1,727 Tax Certificates  
38 Tenders  
29 Proposals  
41 Quotations



\$110M+ Development Applications Reviewed & Approved  
140 Zoning & Compliance Certificates  
24 Home Occupations Permits  
130 Planning Applications  
61 Pre-Application Meetings  
587 Building Permits  
5,693 By-Law Complaints  
8,202 Parking Violations



32,114 Phone Calls Ext 3131  
392 Business Licenses  
131 Lottery Licenses  
434 Marriage Licenses  
78 Marriage Ceremonies  
1,258 Burial Permits  
77 Media Releases  
23 MFIPPA Requests  
20 Council Meetings  
27 Live Web Streamed Council Meetings  
18 Council Meeting Highlights  
Municipal Elections  
Corporate Records Management



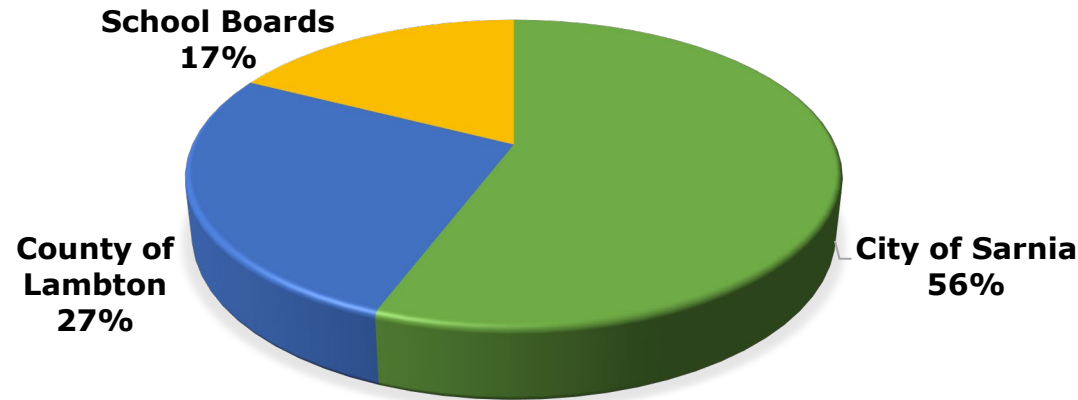
2,906 Transferred to Court  
30,136 Police Incidents  
8,721 R.I.D.E Vehicle Checks  
83 Impaired Driving Charges  
1,579 Motor Vehicle Accidents  
2,331 Provincial Offences  
1,433 MFIPPA Requests  
4,117 Criminal Background Checks  
12,829 Officer Reports



12 Community Events - Hosted  
75+ Community Events - Assisted  
50 km of Trails and Pathways  
1,200 acres of Parkland/Trails Maintained  
200+ Recreational Programs  
4 Community Centres  
1 Pool, 1 Splash Pad  
900+ Swim Lesson Participants  
15,000+ Open Swim Users  
17 Tennis Courts, 7 Locations  
6 Pickleball Courts, 1 Location  
3 Arenas, 5 Ice Surfaces  
16 Ball Diamonds  
32 Soccer Fields  
2 Football/Rugby Fields  
30 Shelters/Gazebos  
2 Greenhouses  
90,000 Municipal Trees  
800 Trees Planted  
33,000 sq. m of Gardens

## PROPERTY TAXATION – WHERE DOES IT GO?

The City of Sarnia is part of a two-tier municipality, where our residents receive one tax bill to cover the total cost of services provided by the City, County and School Boards. The County of Lambton is the “upper tier” and the City of Sarnia is the “lower tier”. Here is how your tax bill is split:



## SUMMARY OF PUBLIC SERVICES AND WHO PROVIDES THEM...

Parks & Trails, Arenas & Sports Fields  
 Recreation Centres, Programs & Events  
 Solid Waste Collection, Recycling & Compost  
 Maintaining Local Roads/Bridges  
 Building Permitting, Land Use Planning  
 Fire & Rescue Services  
 Police & Emergency Management Services  
 Public Transit  
 Tax Collection  
 Business & Marriage Licencing  
 Water Distribution & Wastewater Elimination  
 Stormwater Management & Drainage

**City of Sarnia**

Emergency Medical Services  
 Housing Services  
 Public Health  
 Social & Family Services  
 Maintaining County Roads/Bridges  
 Long Term Care  
 Child Care & Children Services  
 Provincial Offences Administration  
 Libraries, Museums & Cultural Services  
 Septic & Plumbing Permits  
 Solid Waste Management  
 Economic Development & Tourism through SLEP/Tourism Sarnia Lambton

**County of Lambton**

Elementary Education  
 Secondary Education

**School Boards**



## HOW IS THE CITY'S BUDGET STRUCTURED?

There are various components of the budget that Council reviews and approves.

1. **OPERATING BUDGET:** Includes all of the day-to-day activities of the City needed to provide services.

The operating budget is broken down into 5 main categories:

- a. General Levy - Includes all City department budgets except Conventional Transit, Water and Sewer.
- b. Police Budget - Included in the General Levy, but follows a different approval process regulated by the Police Services Act. The Police Services Board reviews and approves the detailed budget; City Council does not have the authority to approve/disapprove specific estimates. City Council establishes the overall budget allocated to Police Services.
- c. Transit Levy - The Conventional bus system has a separate budget. Only property owners within 450m of the transit routes pay these costs.
- d. Water Rates - Costs associated with providing municipal water services, including the Lambton Area Water Supply System, are separated to determine how to set water rates. These are broken into a monthly fee based on water meter size and a variable fee based on the water used.
- e. Sewer Rates - Costs associated with providing municipal storm and sanitary sewer services are separated to determine how to set the sewer percentage added to water bills.

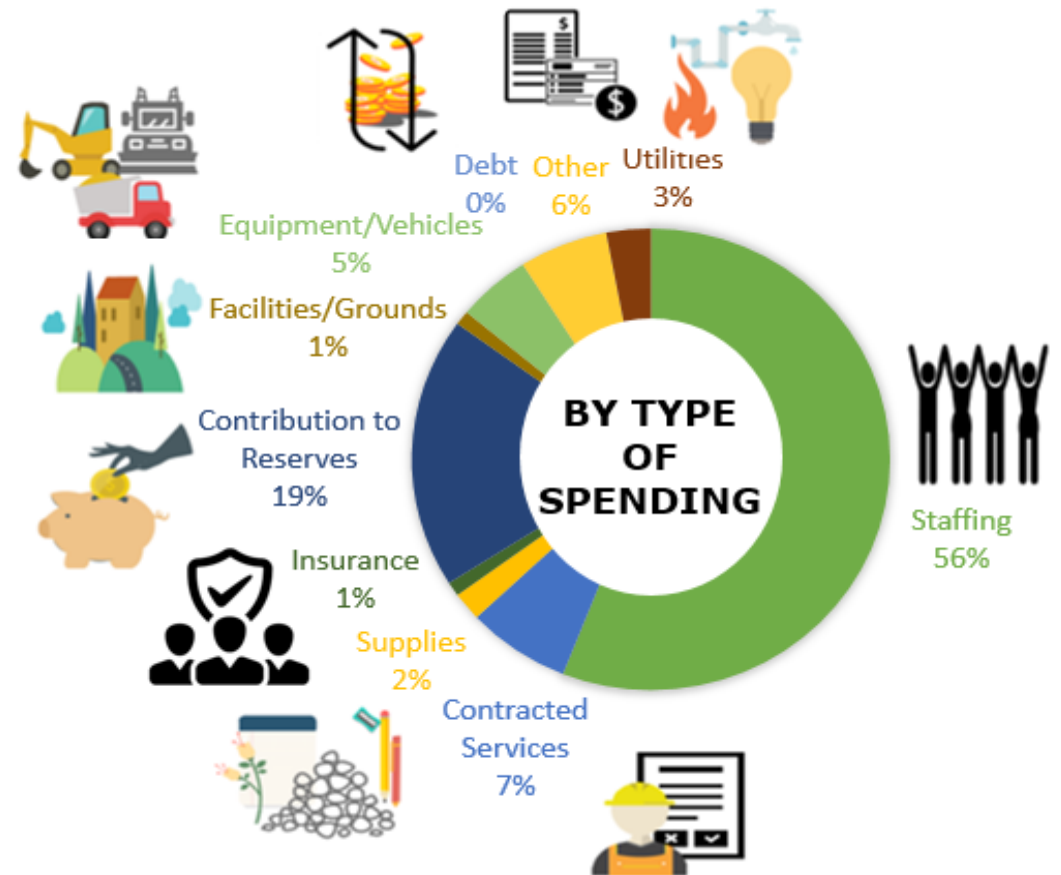
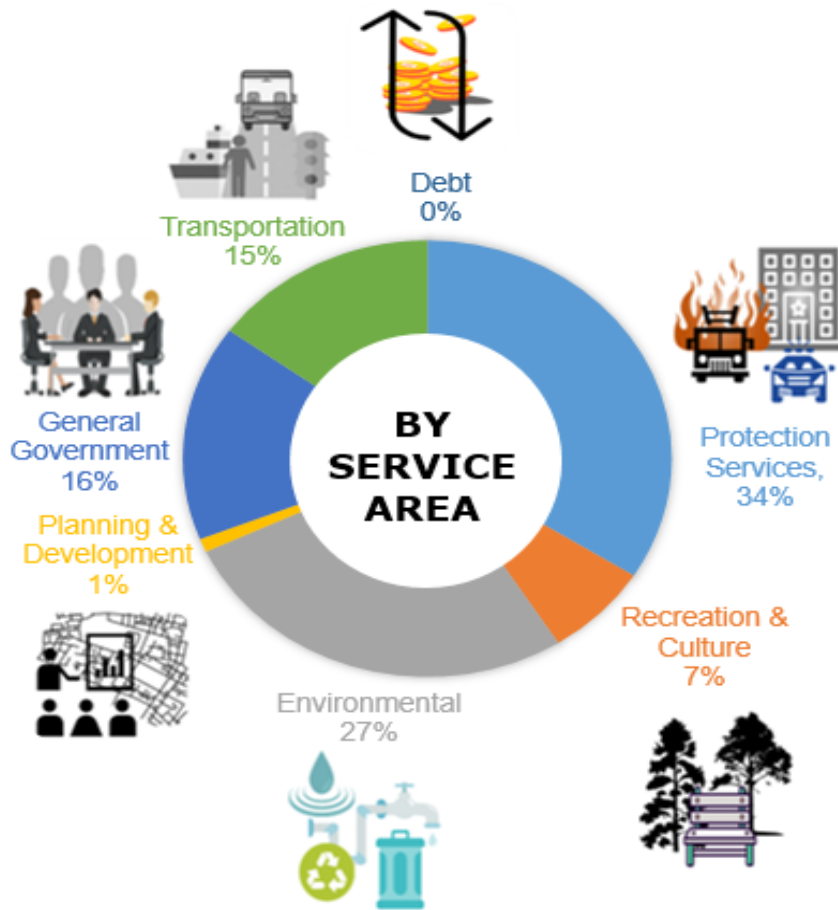
2. **CAPITAL BUDGET:** A 10-year Capital Plan has been developed and includes costs for new assets, major rehabilitation, or replacement of the City's infrastructure, such as road and underground service rehabilitation, storm/sanitary sewer separation, building upgrades, parks facilities, shoreline protection, vehicle replacements, etc.

3. **RESERVES BUDGET:** Reserves frame the financial foundation for long-term financial planning, so there is money to replace infrastructure now, and in the future. Reserves assist in minimizing tax fluctuations by smoothing demand over a longer period of time. The Reserves Budget includes expected inflows from various sources and outflows for spending from reserves.

4. **FEES FOR SERVICES:** Includes the fees to be paid by only those that use a service. Some examples are marriage or business licenses, bus fares, water meter removal, notary services, fire inspections, special event bookings, sports fields rentals, ice rentals, parking, site plan agreements, building permits, dog licenses, garbage tags, replacement blue boxes, marriage ceremonies, and recreation program fees.

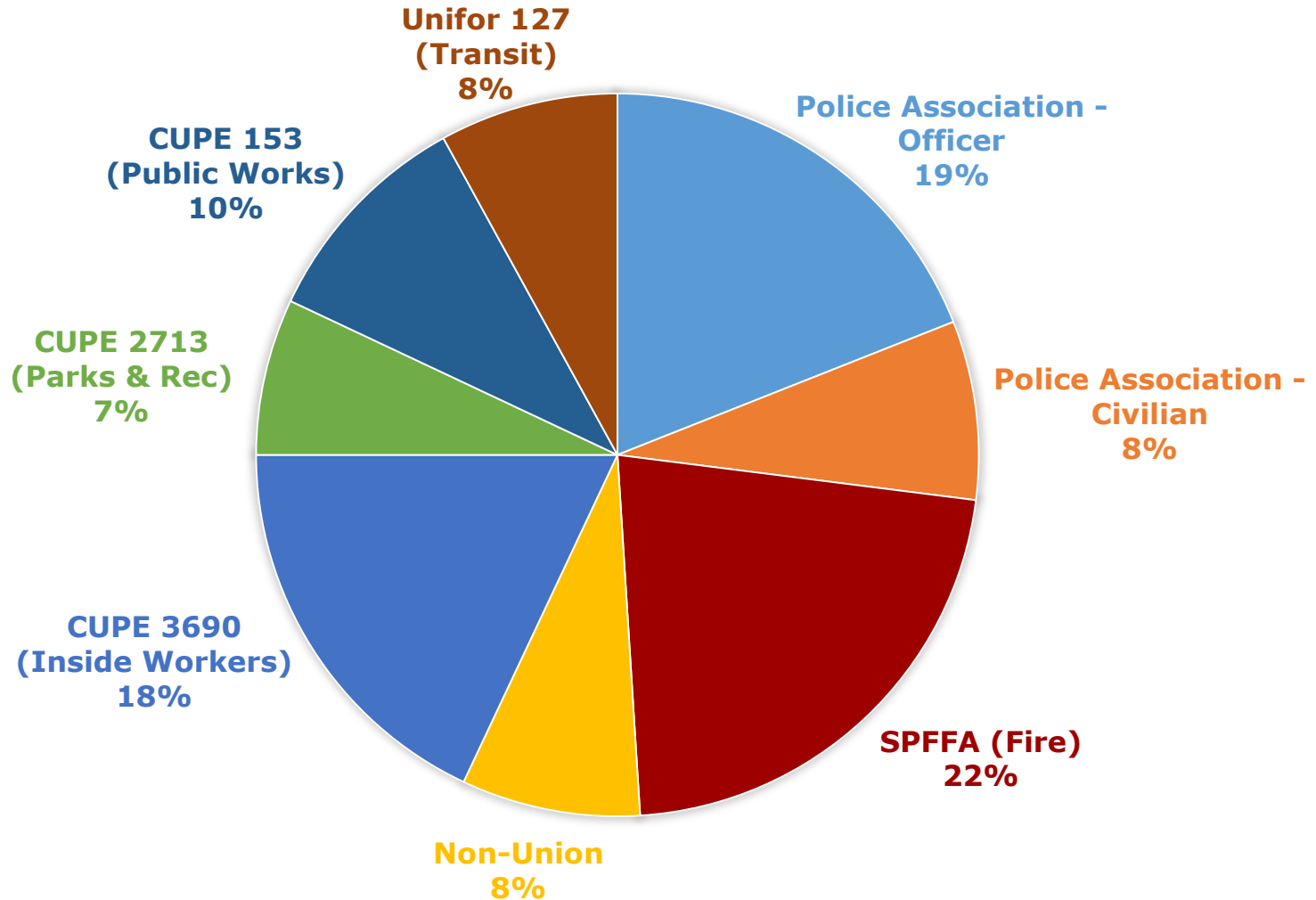
## 2021 DRAFT EXPENDITURES

Let's break the City's expenditure dollars out two different ways to help explain how this money is spent.



## 2021 DRAFT STAFF SUMMARY

A large part of how the City provides services and manages its assets is through the people who work here. Staff costs include wages and benefits. City staff are represented by the following unions and associations: CUPE 3690, CUPE 2713, CUPE 153, Unifor 127, Sarnia Professional Firefighters Association, and Sarnia Police Association.



## TOTAL AMOUNT TO BE COLLECTED THROUGH TAXATION AND RATES

Property taxes and water/sewer rates are the City's largest source of revenue. Property tax is the number that "balances" the budget. The City only collects sufficient taxes to provide services, maintain assets and invest in infrastructure. An increase to the City's total property assessment value does not automatically result in the City collecting more tax.

TAXATION	2020 Approved Budget	2021 Draft Budget	Difference	Change %
General Operating	51,253,928	52,226,833	972,905	1.90%
Police Services	25,177,450	26,033,481	856,031	3.40%
<b>General Taxation</b>	<b>\$76,431,378</b>	<b>\$78,260,314</b>	<b>\$1,828,936</b>	<b>2.39%</b>
Transit Area	4,244,344	4,348,130	103,786	2.45%
<b>Total Taxation</b>	<b>\$80,675,722</b>	<b>\$82,608,444</b>	<b>\$1,932,722</b>	<b>2.40%</b>
Taxation Growth Impact	525,000	525,000	-	0.00%
Special Levy - Petro-Chemical Area	500,000	500,000	-	0.00%
<b>Total Taxation Revenue</b>	<b>\$81,700,722</b>	<b>\$83,633,444</b>	<b>\$1,932,722</b>	<b>2.37%</b>

RATES	2020 Approved Budget	2021 Draft Budget	Difference	Change %
Water	16,914,972	17,345,161	430,189	2.54%
Sewer	18,603,802	19,442,125	838,323	4.51%
<b>Total Rates</b>	<b>\$35,518,774</b>	<b>\$36,787,286</b>	<b>\$1,268,512</b>	<b>3.57%</b>

## WHAT DOES THIS PROPOSED PROPERTY TAX INCREASE MEAN TO SARNIA'S RESIDENTIAL PROPERTY OWNERS?

The amount of property tax revenue approved by City Council is spread between property owners based on assessment value. The assessed value is determined by the Municipal Property Assessment Corporation.

Based on these residential values, the proposed increase is broken down between the general tax, which applies to everyone, and the conventional transit tax, which is charged only to those within the conventional transit service area.

City Portion of Property Tax	Average Value	2020 City Tax	Increase (General Tax)	Increase (Transit Tax)	2021 Estimated City Tax
Residence valued at \$100K		\$923	\$21	\$1	\$945
Single Family Detached	\$219,737	\$1,783	\$46	\$3	\$1,832
Link Home	\$183,515	\$1,553	\$38	\$3	\$1,593
Freehold Rowhouse	\$167,017	\$909	\$35	\$2	\$946
Semi-Detached	\$137,008	\$1,158	\$28	\$2	\$1,188
Single Family (Lakefront)	\$986,292	\$8,012	\$205	\$13	\$8,230
Condominium	\$148,778	\$1,130	\$31	\$2	\$1,163
<b>Proposed Increase - CITY Portion Only</b>					<b>2.40%</b>

*Based on 2021 City of Sarnia Average Phase-In Values*

Note that the amounts above are only the City portion of the total tax bill. The City is part of a two-tier municipal structure and property taxes are collected by the City for the County of Lambton as well as the Ministry of Education. The County of Lambton and the various school boards have a separate budgeting process from the City and their changes will not be finalized until the spring of 2021. Depending on the budget decisions of these groups, property owners will see changes to their tax bills that are different from those above.

Property taxes are shared by all property owners; this includes all property classes, such as residential, multi-residential, farm, commercial, and industrial. Heavily regulated by the Province, the County of Lambton sets policy to determine what portion of taxes each property class throughout the County pays. As the total tax collected is based on the approved budget, any change to this policy shifts tax liability from one property class to another, but the total amount collected stays the same.

## WHAT ARE THE KEY THINGS CAUSING THE PROPOSED INCREASE TO PROPERTY TAXES/RATES?

The chart below shows the key areas of increased spending or reduced revenue anticipated for 2021.

Staffing Costs - Wages & Benefit contractual increases and changes to staffing	722,961	0.95%
Contribution from reserves from Safe Restart (covid) funding	(1,000,000)	-1.31%
Reduction of reserve contributions to tax stabilization reserve	(600,000)	-0.79%
Police budget - as approved by Police Service Board	856,033	1.12%
Economic Development department, newly created	250,000	0.33%
Bluewater Power dividend, estimated decrease in revenue	100,000	0.13%
Decrease in income from investments due to interest rate declines	139,827	0.18%
Contribution to reserves - Asset Management funding increase	1,485,752	1.94%
Decrease to Drain reserve contribution	(100,000)	-0.13%
Elimination of the Vacancy Rebate program, following the County of Lambton initiative	(166,667)	-0.22%
Increases in payments in lieu of taxes	(114,000)	-0.15%
Brownfields payment ending	(235,876)	-0.31%
Increase in Software License fees due to new software initiatives	128,400	0.17%
Decrease in Recycling revenue	230,000	0.30%
Insurance increases	184,717	0.24%
Other changes	(52,211)	-0.07%
<b>Proposed Increase - General Taxation</b>	<b>\$1,828,936</b>	<b>2.39%</b>
Staffing Costs - Wages & Benefit contractual increases and changes to staffing	84,705	2.00%
Insurance decreases	(35,823)	-0.84%
Contribution to Reserves - Asset Management funding increase	86,376	2.04%
Other changes	(31,472)	-0.74%
<b>Proposed Increase - Transit Taxation</b>	<b>\$103,786</b>	<b>2.45%</b>
Contribution to Reserves	442,044	1.24%
LAWSS - City's share of LAWSS administration, operating, and capital budget	367,587	1.03%
Insurance increases	247,190	0.70%
Increases in third party contracts to meet operational needs	77,189	0.22%
Other changes	133,724	0.38%
<b>Proposed Increase to Water &amp; Sewer User Rates</b>	<b>\$1,267,734</b>	<b>3.57%</b>

*A positive change represents an increase to levy/rates. A negative change represents a decrease to levy/rates.*

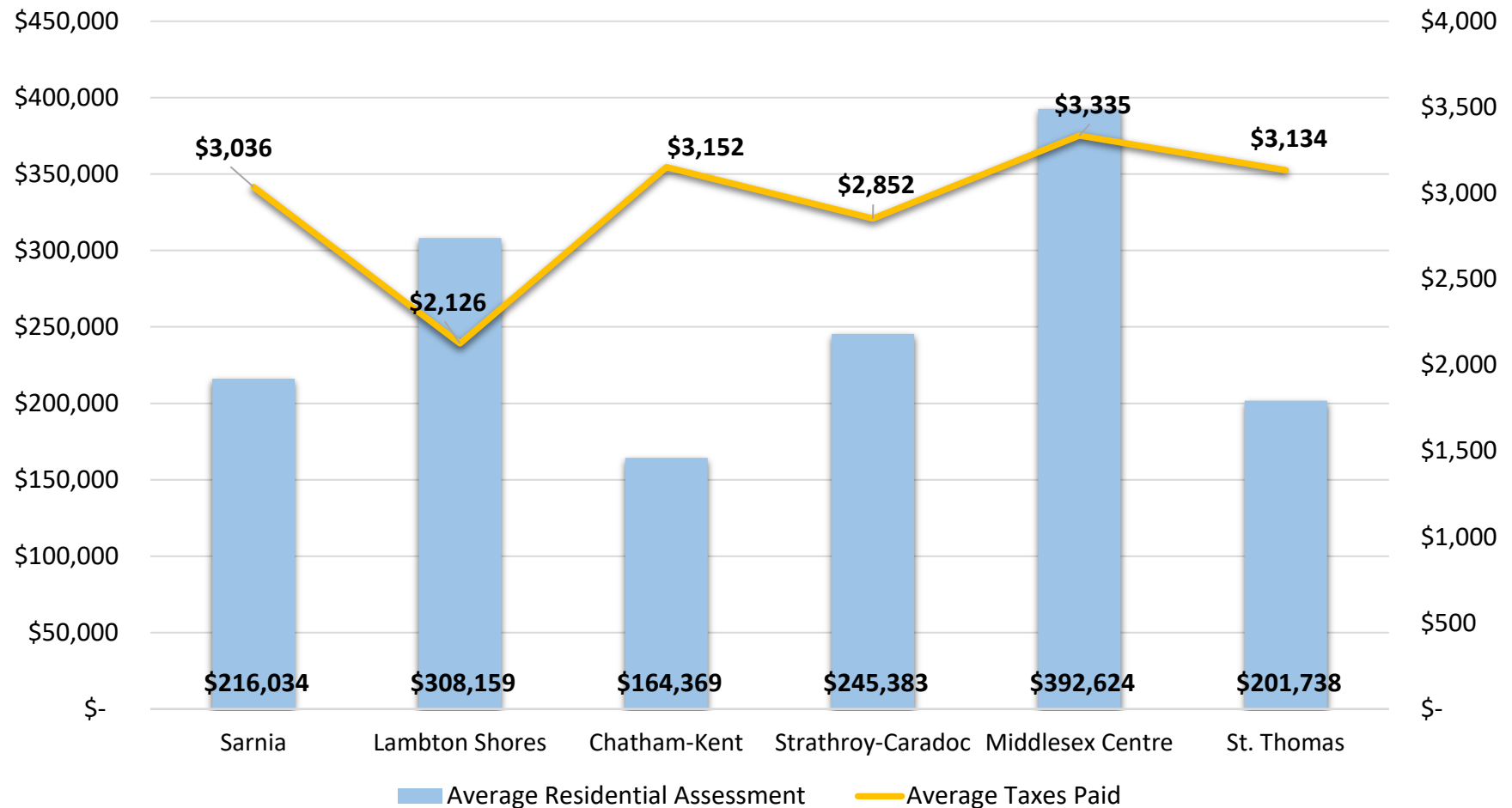


## HOW DO CITY OF SARNIA TAXES COMPARE?

The following chart shows how the Sarnia's taxes compare to our neighbouring municipalities. The bar graph indicates the average residential assessment value of a home, whereas the line graph indicator above shows the average property taxes paid. Service delivery may differ in neighbouring comparators.

### Assessment Value / Taxes Paid

(Source: 2019 BMA Municipal Study)



## ASSET MANAGEMENT - CAPITAL BUDGET

Maintaining municipal infrastructure is vital to achieving our vision “Sarnia – the place you want to be!” Our Asset Management Plan (AMP) is used to optimize our assets and help prioritize infrastructure needs. The City’s revenues are not sufficient to meet the outstanding infrastructure needs or address the infrastructure backlog. The prioritization for infrastructure rehabilitation and replacement focuses on urgency, available resources, readiness to proceed, and affordability.

To address issues identified through the AMP as well as to promote a culture of pro-active lifecycle management, the general budget includes a dedicated 2% asset management funding to supplement the dollars available to invest in municipal assets. This is in addition to 2% asset management funding that is embedded in the budget from 2020. If approved, this dedicated asset management funding will be directed to pro-active maintenance of assets (i.e. rehabilitating them before they deteriorate into a poor condition).

In addition, the City owns and manages infrastructure that supports our petro-chemical industrial sector. A special area levy for this sector has been implemented to enable the City to replace and/or rehabilitate these critical assets.

The City has been very successful in obtaining substantial Federal and Provincial grants for transit, roads, sewer upgrades, and water main replacements. The City must provide financial resources in partnership with the grant programs, ranging from 33% to 60% of total project costs. To meet this demand, as well as to promote a sustainable capital program, the City has drafted a 10-year capital plan that invests in the community’s infrastructure.

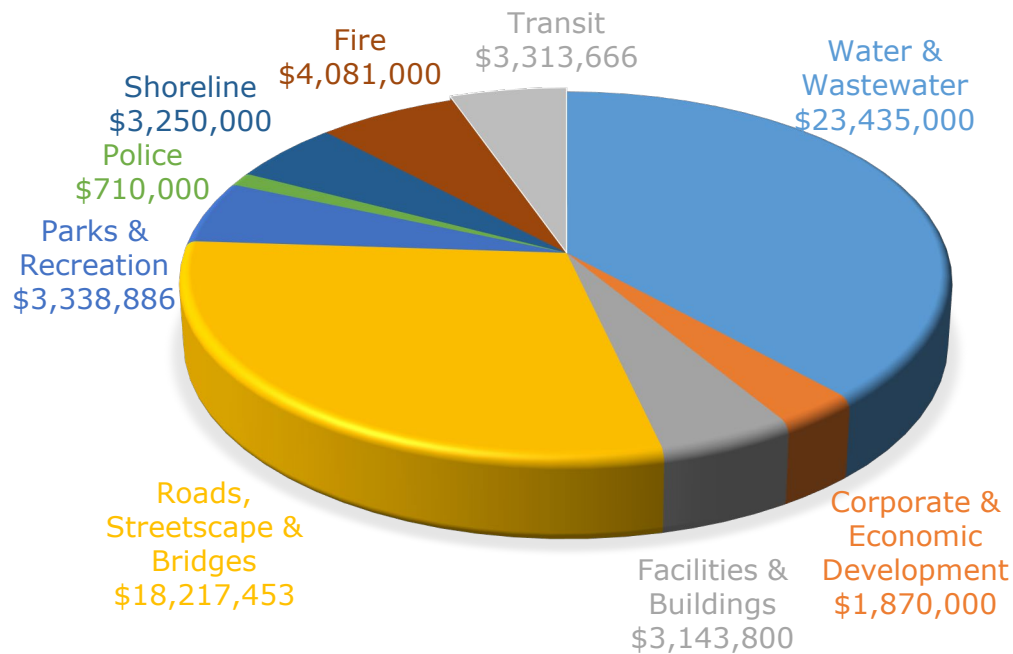
The City is maintaining its “Pay As You Go” philosophy, redirecting the dollars previously used to pay principal and interest on retired debt, into other capital investments.



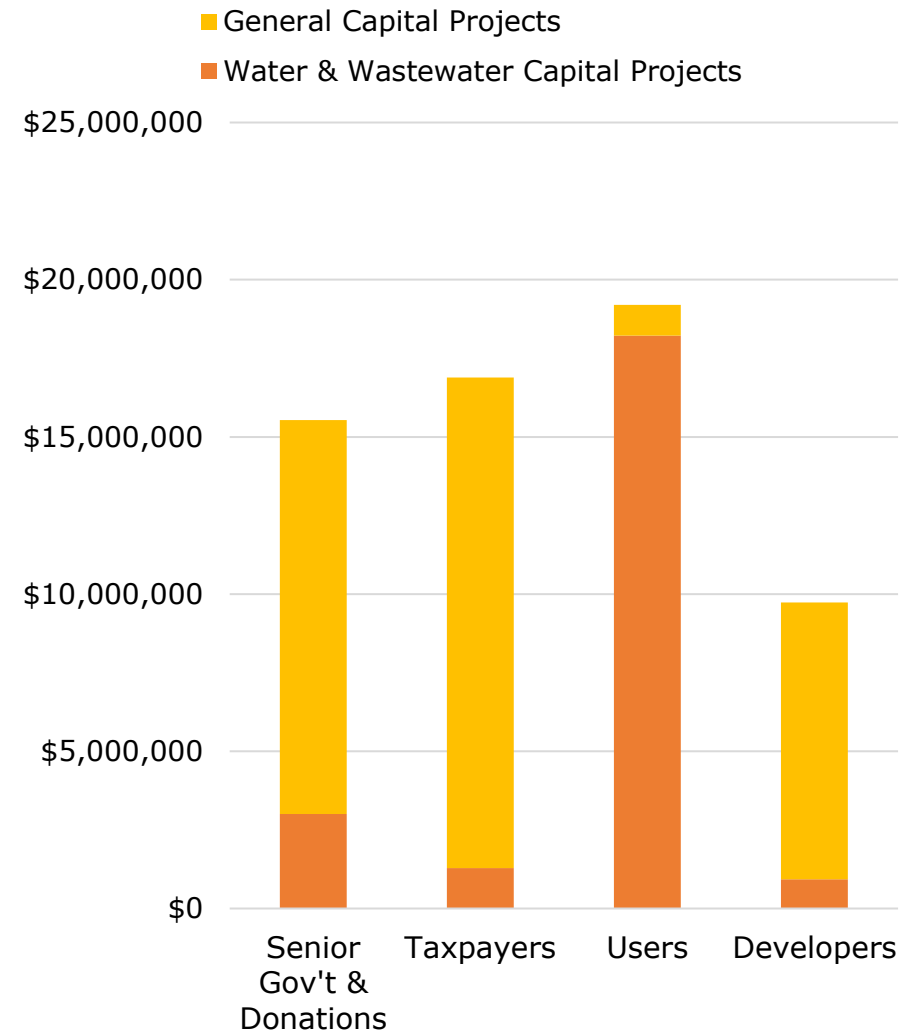
## 2021 DRAFT CAPITAL BUDGET

The following pie chart illustrates where the 2021 capital budget dollars are allocated, while the bar graph shows where the money comes from.

### 2021 DRAFT CAPITAL BUDGET \$61.4 MILLION



### 2021 - Where the \$ Comes From



## BUDGET HIGHLIGHTS

This highlight document provides a high-level overview of the budget process, aspects of the budget, and the proposed changes for 2021. The Virtual Public Input and Grants Session will be held on Monday, November 23, 2020. Any citizen, group or organization who wishes to make a presentation on the 2021 Budget is requested to notify the City Clerk's office on, or before, noon on Wednesday, November 18, 2020.

You can watch video (live or recordings) of special Council meetings leading up to the Council Budget Deliberations scheduled for December 1, 2020 at 9:00 a.m. at <https://sarnia.civicweb.net/portal/>.

In preparation for the Budget process there are a number of presentations to Council; they are available on our website for your review. If you would like a more detailed look at all the numbers and background data that goes into the development of the proposed budgets, there are a number of detailed documents that will be available on our website after November 6, 2020 at <https://www.sarnia.ca/2021-budgets/>. These documents include:

### 2021 Draft Operating & Reserves Budgets

- Summary of Taxation, Rates, Expenditures and Revenues
- Summary by Department
- Total Full Time Equivalent Staff Summary
- Detailed Operating Budget (line by line) including explanations of changes
- Reserve & Reserve Fund Revenues & Expenditures, & Projected Fund Balances

### 2021 Draft Capital Budget (Issued September 18, 2020)

- 10 Year Capital Plan
- Capital Budget Funding Sources
- Capital Project Detail - Department Requests

### 2021 Draft Fees for Services

- Fees by Department (including description of user fees)

### 2021 Draft Supplementary Budget Information

- Budget Reports
- Municipal Grant Policy
- Municipal Grant Summary and Submitted Applications

NOTES:

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## **The Corporation of the City of Sarnia**

255 North Christina Street  
PO BOX 3018  
Sarnia, ON N7T 7N2

519-332-0330  
[budget@sarnia.ca](mailto:budget@sarnia.ca)

**[www.sarnia.ca](http://www.sarnia.ca)**