

2022 DRAFT BUDGET HIGHLIGHTS

Sarnia: The Place You Want to be!



Contents

Message from the CAO	5
Sarnia City Council	6
Organizational Structure	7
Sarnia Home	8
2022 Draft Budget Overview	9
Budget	10
5 Fiscal Fitness Pillars	10
Responsible Financial Management	10
Budget Process	11
Things We Do	12
Property Taxation – Where Does It Go?	14
How is the City’s Budget Structured?	15
1. Operating Budget:	15
2. Capital Budget:	15
3. Reserves Budget:	15
4. Fees for Services:	16
Proposed 2022 Budgets – Expenditures	16
2022 Draft Expenditures	17
2022 Draft Staff Summary	18
Total Amount to be Collected through Taxation and Rates	19
What Does This Proposed Property Tax Increase Mean to Sarnia’s Residential Property Owners?	20
Property Tax Comparison to Comparator Municipalities	21
Property Tax Comparison to Neighbouring Municipalities	22
Sarnia’s Response to the COVID-19 Pandemic	23
What are the Key Things Causing the Proposed Increase to Property Taxes/Rates?	24
What Does the City’s Proposed Increase Mean For My Total Tax Bill?	26
How Do City of Sarnia Taxes Compare to our Comparator Municipalities?	27
How Do City of Sarnia Taxes Compare to our Neighbouring Municipalities?	28
Asset Management - Capital Budget	29
2022 Draft Capital Budget	30
2022 Draft Capital Budget – Where the \$ Comes From	31
Budget Highlights	32

Appendices	33
Appendix 1: 2022 Draft Operating Budget Summary	34
Appendix 2: 2022 Proposed Capital Projects	36
Appendix 3: Reserves and Reserve Funds	38
Appendix 4: Proposed Water and Sewer Rates	39

MESSAGE FROM THE CAO



Despite 2021's unprecedented challenges, our strong community worked together to build our incredible City of Sarnia.

Around the world, individuals, businesses, and communities work to recover from the COVID-19 pandemic which has shifted our focus, changing the way we work and live. Over the last year employees have had to re-evaluate how best to meet the needs of our City. Prioritizing the safety of our employees and residents, we implemented safety procedures, worked remotely, and held City Council meetings virtually, to ensure we continue to provide the best possible service to our residents.

In September, Council was presented with staff's 2022 capital project requests totalling \$55,156,431. This is lower than the 2021 capital budget, which was an unprecedented level of capital investment for the City, although still a significant capital request. The current requests reflect the significant needs of aging infrastructure, new development requirements, opportunities to leverage grants, and a desire to invest in the City's assets. To maintain the City's reserves, the draft capital requests will need to be updated to reflect some challenging recommendations for the deletion or deferral of projects.

The financial impacts of the COVID-19 pandemic in 2021 are expected to be offset through Safe Restart Funding; the City expects that unused Safe Restart funding will be available to meet any ongoing challenges in 2022. As a result, the budget has once again been prepared assuming normal operations.

We are committed to continuous improvement in operational and financial efficiencies. By working collaboratively with each other and Council, employees continue to provide our residents, taxpayers, and visitors the excellence they deserve. City Hall was closed to the public through much of 2021, however employees have continued to provide service through email, telephone, and some in-person appointments for critical services such as marriage licenses.

Staff are committed to continuous improvement of our operations and continually seeking out ways to improve efficiencies. Our operational and capital plans will allow us to manage our financial requirements while continuing to move sustainably forward. Sarnia has many exciting projects underway that will further transform our City into a more connected, vibrant, and sustainable city.

SARNIA CITY COUNCIL

For more information about Council meetings, dates, agendas, and minutes visit www.sarnia.ca/city-government/. Here you can also learn more about the Mayor and Council, and their roles at the City.

2018
-
2022



MIKE BRADLEY
Mayor



MARGARET BIRD
*City/County
Councillor*



DAVE BOUSHY
*City/County
Councillor*



MIKE STARK
*City/County
Councillor*



BRIAN WHITE
*City/County
Councillor*



TERRY BURRELL
City Councillor



NATHAN COLQUHOUN
City Councillor



BILL DENNIS
City Councillor



GEORGE VANDENBERG
City Councillor

ORGANIZATIONAL STRUCTURE



Mayor and City Council



WWW.SARNIA.CA



74,000+

people call Sarnia home.
average age 43.9 (Ontario average 41)

\$100,757

average household income.



57.7%
2 persons



19.7%
3 persons



16%
4 persons



6.7%
5+ persons

3.6%

property taxes as a %
of household income.
(Survey average 3.8%)

4.6%

water/sewer + property taxes
as a % of household income.
(Survey average 4.8%)

Statistics - 2020 BMA Study & 2016 Census

2022 DRAFT BUDGET OVERVIEW

The 2022 Draft Budget results in an increase of 2.99% in the general levy and 2.78% to the Transit area levy for a combined increase of 2.98%. A 1% change in the general levy is approximately \$780,000. The combined increase in Water and Sewer rates is 6.85%.

The proposed general levy increase is comprised of an increase of 0.67% for direct decisions under management's control, 2.59% for items outside of management's control including the recently approved Sarnia Police Services Board budget (1.57%), and 4.69% for impacts from prior decisions including the reversal of prior year mitigation efforts (3.43%). To mitigate the 7.94% increase in the base budget, management is proposing additional operating support transferred from reserves (5.22%).

The operating support is coming from recent surpluses, including the anticipated 2021 operating budget surplus. This is not a sustainable mitigation tool over multiple years, it can be effective when surpluses exist and external pressures such as a pandemic-impacted economy, which could otherwise limit property owners to absorb an increase, is a consideration.

The Draft Budget has been prepared assuming no COVID-19 impacts. However, staff anticipate the City will still experience ongoing financial impacts of the pandemic in 2022, such as reduced programming and increased personal protective equipment, cleaning, and security costs. The City is expecting that these impacts will continue to be offset by the COVID-19 Safe Restart funds in reserves at the end of 2021.

The City has prepared capital requests that continue to reflect an aggressive and expansive capital program with \$55,156,431 of capital projects being put forward. This is \$6,603,374 million lower than the historically high 2021 Approved Capital Budget but is still beyond the capacity of the City's projected reserves. Management is continuing to work through the capital requests to make the appropriate recommendations to Council for approval of the 2022 Draft Capital Budget.

Increases in water and sewer rates reflects increases to reserves as outlined in the recent Water Rate study as well as increases in the City's share of the Lambton Area Water Supply System costs.

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

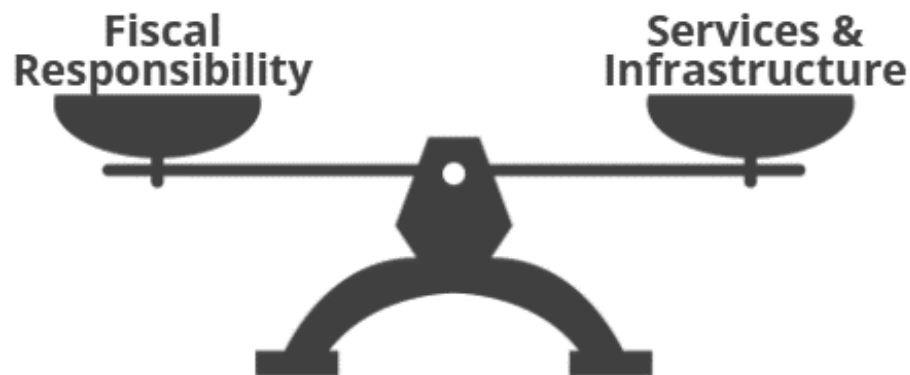


Maintain
Reasonable Tax
Rates

RESPONSIBLE FINANCIAL MANAGEMENT

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

Balancing



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 22, 2021. Any citizen, group, or organization who wishes to make a presentation on the 2022 Budget is requested to notify the City Clerk's office on or before noon, Wednesday, November 17, 2021.

On December 7, 2021, 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*.





COMMUNICATIONS

299 Media Releases

Facebook

8,075 Page Likes

10,811 Followers

7,241,734 Impressions

6,206,888 Post Reach

Twitter

5,789 Followers

1,132,600 Impressions

Instagram

5,800 Followers



FINANCE

13,981 Invoices Processed

6,131 EFT Payments

890 Cheques Issued

\$143,984,788 AP Disbursements

40,105 Tax Bills Issued

23 Tenders

25 Proposals

35 Quotations

\$23.9M Formal Construction

Tenders Awarded

\$2.1M Services Value Awarded

\$1.3M Goods Value Awarded

Sarnia

PEOPLE SERVING PEOPLE



CUSTOMER SERVICE

1,733 Tax Certificates

3,808 Dog Licenses

343 Business Licenses

68 Lottery Licenses

102 Lottery & Charitable Gaming Organizations

253 Marriage Licenses

14 Marriage Ceremonies

1,387 Burial Permits

15,675 Receipts

992 Online Orders

8,490 Recycle Coach App Users

740,521 Recycle Coach Interactions



LEGAL SERVICES

44 Documents Registered

125 Property Searches

110 Notaries



CLERKS

20 MFIPPA Requests

17 Council Meetings (Live Stream)

Corporate Records Management



TRANSIT

817,514 Passengers

22 Conventional Buses

17 Conventional Routes

56 Bus Shelters (14 Solar)

494 Bus Stops

9,611 Care-A-Van Passenger Trips

7 Care-A-Vans

1.2M Conventional Revenue Kms

112K Care-A-Van Revenue Kms

2,193 Transit App Downloads

21,135 Annual Active Users



PUBLIC WORKS

2 Public Works Centres

2 Wastewater Treatment Facilities

441 km of Roads

32 Bridges

94 Traffic Lights

8,118 Street Lights

35,096 Single & Multi-Family

Households for Waste Pickup

1,814.79 Tonnes of Compostable

Material Collected



WATER & SEWER

501 km of Watermains

351 km of Sanitary Sewer

324 km of Storm Sewer

51 km of Forcemains

67 Watermain Breaks

122 Service Repairs

6,634 Service Locates

489 Water On/Off

51 Pumping Stations

8 Stormwater Facilities

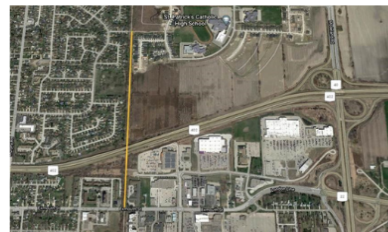
2 Storage Buildings

2 Wastewater Treatment Facilities



PARKS & RECREATION / FACILITIES

2 Community Events - Hosted*
 3 Community Events - Assisted*
 15 Hectares of Beach/Waterfront
 50 km of Trails and Pathways
 1,200 acres of Parkland/Trails Maintained
 25 Recreational Programs*
 4 Community Centres
 1 Pool, 1 Splash Pad
 0* Swim Lesson Participants
 18,000 Open Swim User Visits
 15 Tennis Courts, 6 Locations
 7 Pickleball Courts, 2 Locations
 3 Arenas, 5 Ice Surfaces
 16 Ball Diamonds
 32 Soccer Fields
 2 Football/Rugby Fields
 30 Shelters/Gazebos
 2 Greenhouses
 90,000 Municipal Trees
 500 Trees Planted
 31,500 sq. m of Gardens
**not offered / reduced due to COVID-19 Pandemic*



PLANNING/BUILDING/ BY-LAW ENFORCEMENT

\$80M+ Development Applications Reviewed & Approved
 138 Zoning & Compliance Certificates
 13 Home Occupations Permits
 99 Planning Applications
 36 Pre-Application Meetings
 544 Building Permits
 4,764 By-Law Complaints
 1,449 COVID-19 Complaints
 5,637 Parking Violations



FIRE & RESCUE SERVICES

5 Fire Stations
 11 Civilian Injuries
 3 Firefighter Injuries
 2 Fire Related Deaths
 422 Fire Prevention Inspections
 206 Motor Vehicle Collisions
 2,564 Responses
 0 Haz-Mat Responses
 6 Marine Responses (2 Training)
 780 Tiered Response
 500 Public Education Interactions



POLICE SERVICES

28,904 Police Incidents
 4,362 R.I.D.E Vehicle Checks
 76 Impaired Driving Charges
 1,361 Motor Vehicle Accidents
 2,885 Provincial Offences
 1,073 MFIPPA Requests
 3,237 Criminal Background Checks
 11,964 Officer Reports
 18,000 Facebook Followers
 12,700 Twitter Followers



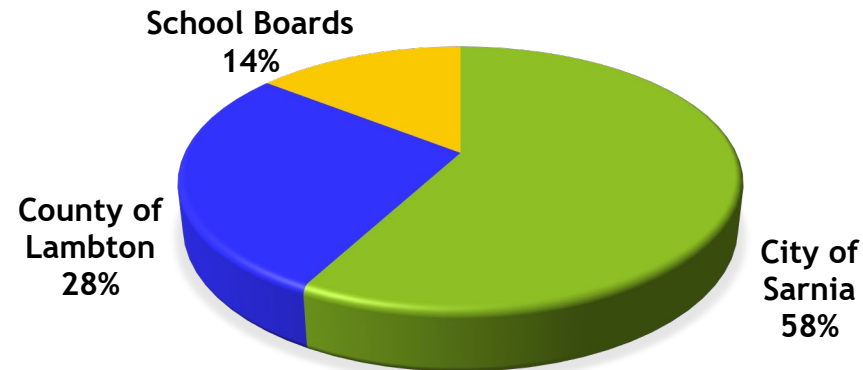
Download the Recycle Coach App for a Personalized Collection Calendar, Reminders & More!



Data Based on 2020 Stats

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.

PROPOSED 2022 BUDGETS – EXPENDITURES

First, we will look at the City's total expenditures; this is everything the City spends money on. Expenditures are higher than what is collected through property taxes. Other projected revenues, such as investment income and dividends, grant funding and water and sewer charges, make up the difference to determine what is required in property tax to create a balanced budget.

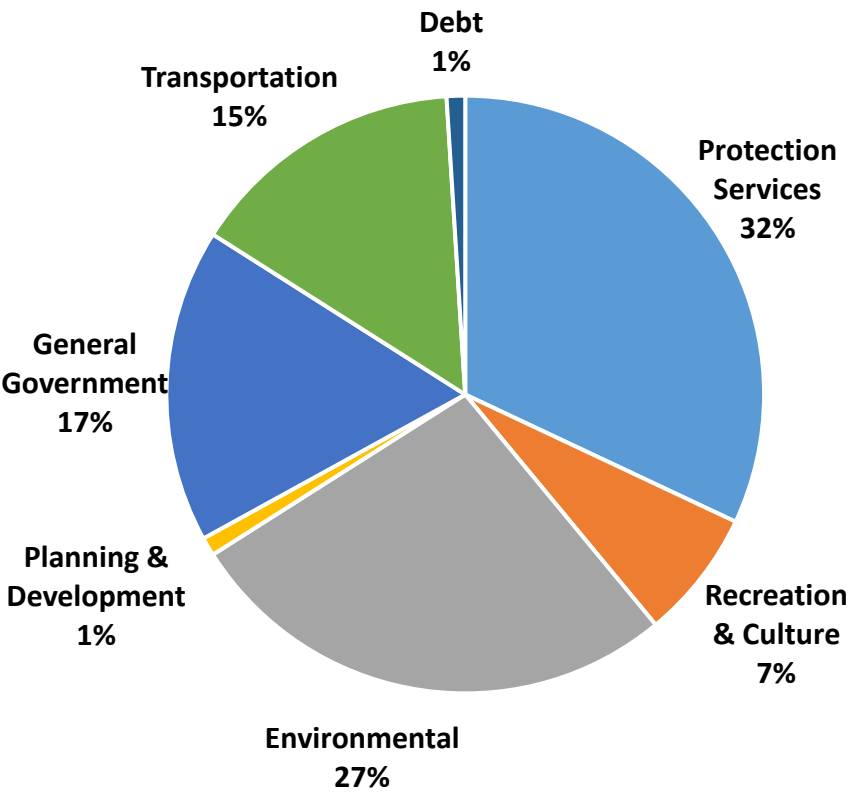


Budget Expenditures	2021 Approved Expenditures	2022 Draft Expenditures	Change \$	% Change
General Operating	82,517,093	86,687,626	4,170,533	5.05%
Police Services	28,619,572	29,961,026	1,341,454	4.69%
Transit Area	7,004,943	7,125,417	120,474	1.72%
Water	17,927,366	18,412,377	485,011	2.71%
Sewer	19,690,125	21,794,470	2,104,345	10.69%
Total Expenditures	\$155,759,099	\$163,980,916	\$8,221,817	5.28%

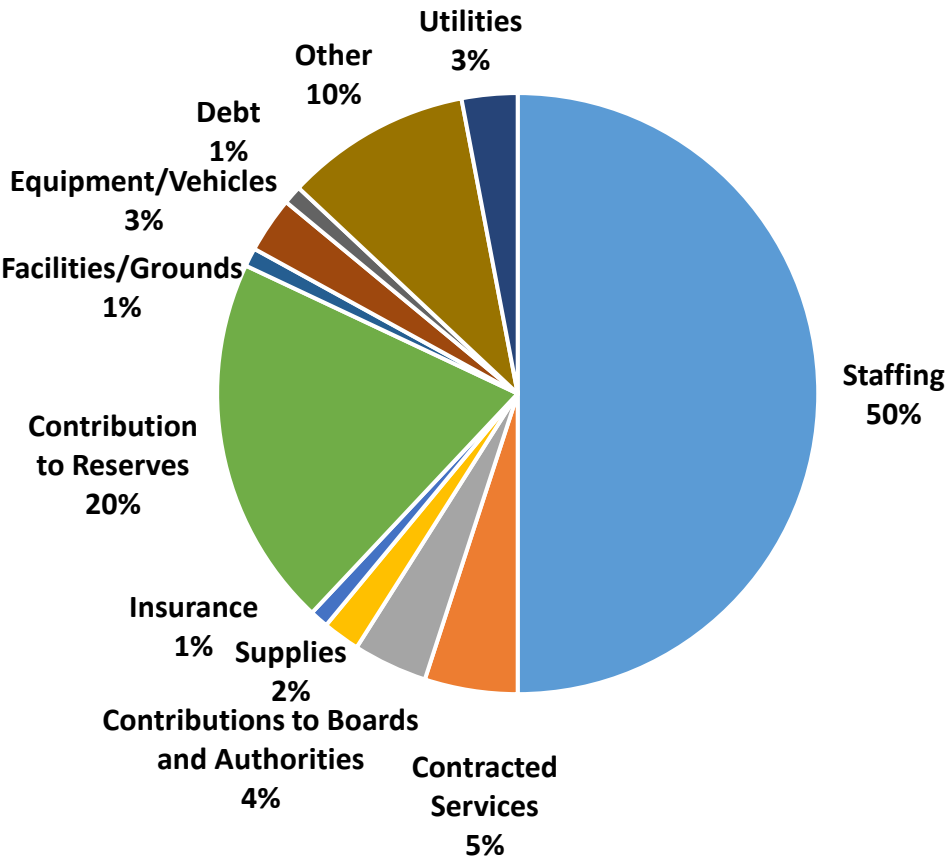
2022 DRAFT EXPENDITURES

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

BY SERVICE AREA



BY TYPE OF SPENDING



2022 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.

Expressed in Full Time Equivalents (FTE)	Draft 2022 Full Time	Draft 2022 Part Time	Draft 2022 Student	Full Time Draft Changes	Part Time Draft Changes	Student Draft Changes
Administration	8.00	0.00	0.33			
Corporate Services	47.00	0.50	2.74			
Community Services	76.00	16.38	19.70	-1.00	-0.46	
Engineering & Operations	173.99	9.25	10.33	6.00	-4.13	0.17
Fire	128.00	0.80	0.00			
Total without Police	433.99	26.93	33.10	5.00	-4.59	0.17
Police	158.00	9.93		2.00		
Total with Police	591.99	36.86	33.10	7.00	-4.59	0.17

** FTE depends on the total hours worked in a year, for example 3 students working 4 months each is equivalent to one FTE*

Two additional positions are being requested in the 2022 budget (excluding Police), one of which is funding from capital and one from the Building Reserve and two positions have been eliminated. There is no impact on the general levy. The incremental FTE requests reflect the increasing demands on City staff. The changes in the part time staff are primarily driven by movement to full time positions.

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	2021 Approved Budget	2022 Draft Budget	Difference	Change %
General Operating	51,926,525	53,032,705	1,106,180	2.13%
Police Services	26,033,481	27,258,305	1,224,824	4.70%
General Taxation	\$77,960,006	\$80,291,010	\$2,331,004	2.99%
Transit Area	4,348,130	4,469,104	120,974	2.78%
Total Taxation	\$82,308,136	\$84,760,114	\$2,451,978	2.98%
Taxation Growth Impact	525,000	525,000	-	0.00%
Total Taxation Revenue	\$82,833,136	\$85,285,114	\$2,451,978	2.96%

RATES	2021 Approved Budget	2022 Draft Budget	Difference	Change %
Water	17,345,160	17,907,336	562,176	3.24%
Sewer	19,442,125	21,401,470	1,959,345	10.08%
Total Rates	\$36,787,285	\$39,308,806	\$2,521,521	6.85%

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	2021 City Tax	Increase (General Tax)	Increase (Transit Tax)	2022 Estimated City Tax
Residence valued at \$100K		\$936	\$26	\$2	\$964
Single Family Detached	\$219,737	\$1,808	\$58	\$3	\$1,869
Link Home	\$183,515	\$1,574	\$48	\$3	\$1,625
Freehold Rowhouse	\$167,017	\$922	\$44	\$3	\$968
Semi-Detached	\$137,008	\$1,174	\$36	\$2	\$1,212
Single Family (Lakefront)	\$986,292	\$8,124	\$259	\$15	\$8,399
Condominium	\$148,778	\$1,146	\$39	\$2	\$1,188
Proposed Increase - CITY Portion Only					2.98%

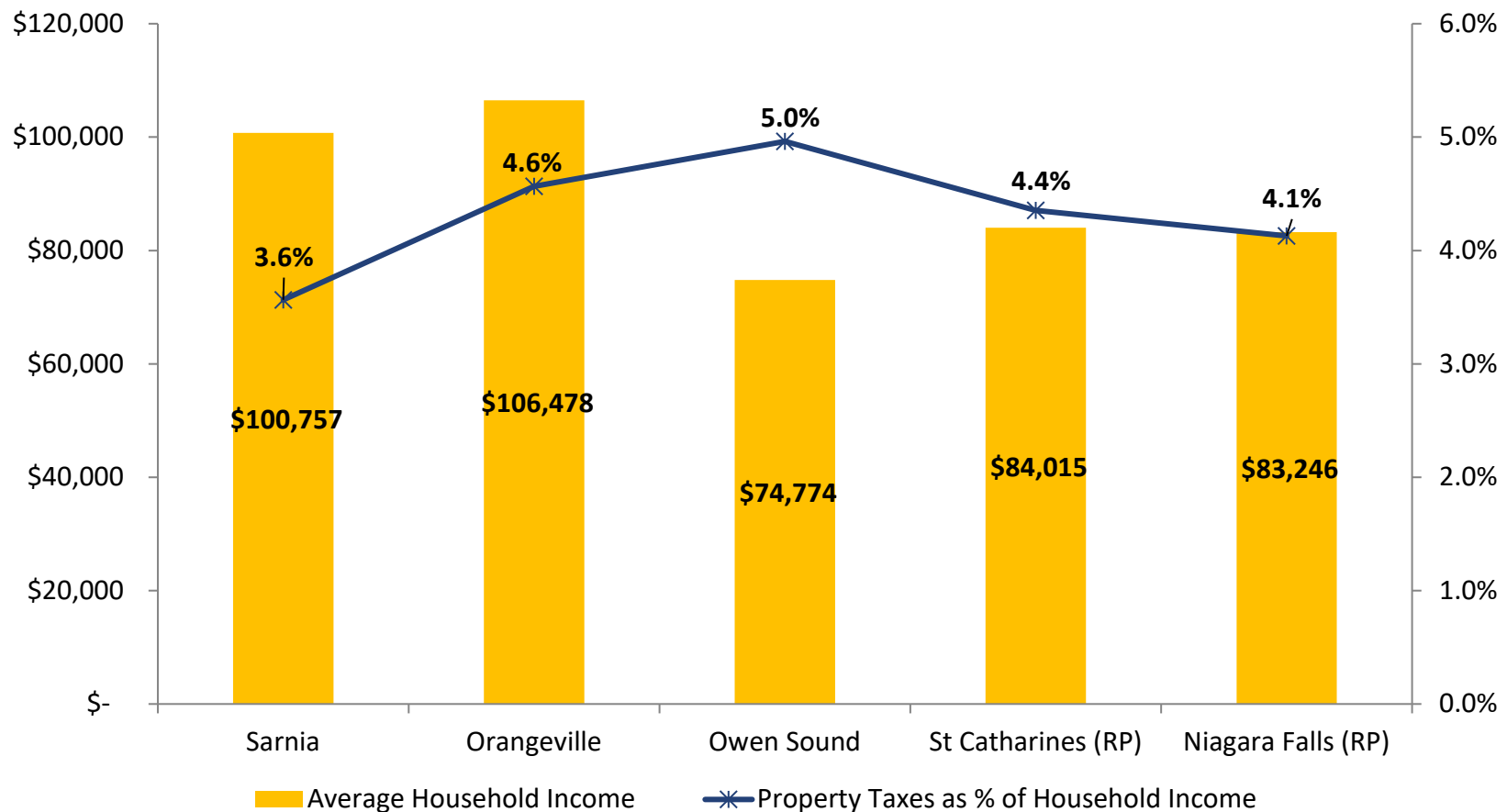
Based on 2021 City of Sarnia Average Values

PROPERTY TAX COMPARISON TO COMPARITOR MUNICIPALITIES

The following chart demonstrates the affordability of property taxes in Sarnia. The average household income in the City of Sarnia and the average property taxes as a percentage of this income are compared to our comparator municipalities.

Property Taxes As % Of Household Income

(Source: 2020 BMA Municipal Study)

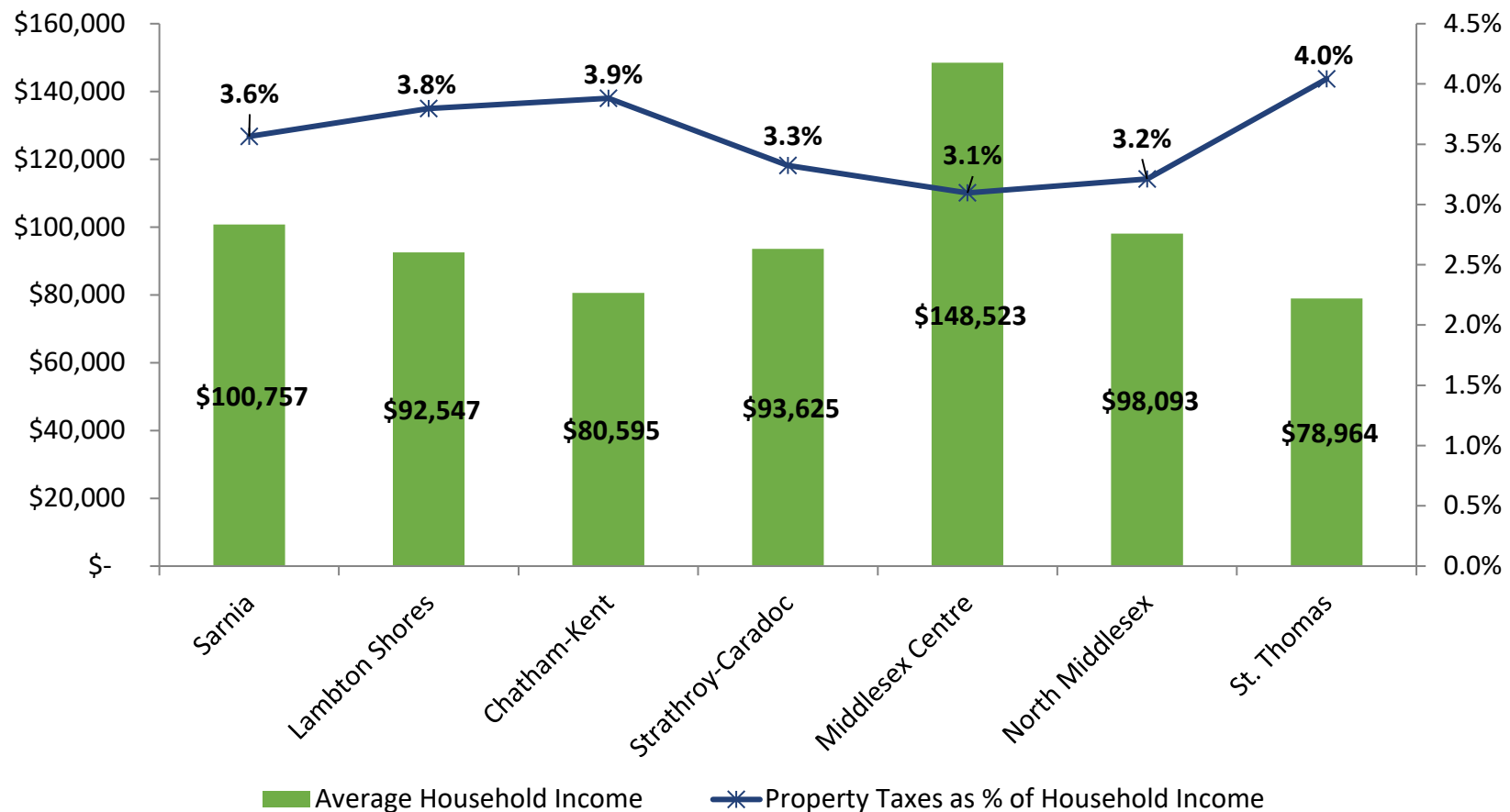


PROPERTY TAX COMPARISON TO NEIGHBOURING MUNICIPALITIES

The following chart demonstrates the affordability of property taxes in Sarnia. The average household income in the City of Sarnia and the average property taxes as a percentage of this income are compared to our neighbouring municipalities.

Property Taxes As % Of Household Income

(Source: 2020 BMA Municipal Study)



SARNIA'S RESPONSE TO THE COVID-19 PANDEMIC

Since the onset of the COVID-19 pandemic, City staff have implemented mitigation measures to assist citizens and local businesses while offsetting the financial pressures experienced with the continued decrease in revenue operations. At the end of 2020 the City had received \$1,089,948 in Safe Restart funding to alleviate the financial impacts of the COVID-19 pandemic.

On March 4, 2021, the City was notified by the Ministry of Municipal Affairs and Housing of the City's eligibility for \$1,301,071 in 2021 COVID-19 Recovery Funding. Of this last amount, \$292,075 has been incorporated into the general operating results to cover the forecasted COVID-19 impacts.

Total funding that has been included in the general operating results is \$1,382,023 and fully offsets the forecasted COVID-19 impacts.

Up to June 30, 2021, the total Transit Phase 1 Safe Restart funding available to alleviate COVID-19 impacts is \$579,770. To address COVID-19-related pressures and costs the City is eligible for \$1,390,392 of additional funding under Phase 2 of the program for the period October 1, 2020, to June 30, 2021, and \$1,066,622 under Phase 3 of the program for the period April 1, 2020, to December 31, 2021.

Operational impacts remain a highly speculative task at this point given the uncertainty with respect to the longevity and severity of COVID-19 and the resulting impacts on the global, national, and local economy and on the City's finances.


Data is limited with respect to how small businesses, housing developments, and the economy will respond after the pandemic and how this will affect the City's tax revenue, growth, development charges, programs, and overall cash flow.




Set Up of Mass Vaccination Hub at Clearwater Arena



Vaccination Pods at Clearwater Arena




SAFETY IS OUR PRIORITY



All persons entering or remaining in these premises shall wear a **mask or face covering** which covers the nose, mouth and chin as per City of Sarnia By-Law No 76 of 2020

We ask that you sanitize your hands upon entry

RESTRICTED NUMBER OF VISITORS






If you have any of the following symptoms
DO NOT ENTER

- FEVER
- SHORTNESS OF BREATH
- PROGRESSIVELY WORSENING COUGH
- IF YOU HAVE BEEN IN DIRECT CONTACT WITH SOMEONE WITH COVID-19

Stop the Spread of COVID-19

- Practice safe physical distancing of 2 metres
- Wash your hands regularly for 20 seconds or use approved hand sanitizer



2 metres

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 2022.

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

Changes under Management's control		
Reduction in vehicle expense support from capital reserve	295,122	0.38%
Reduction in allocated admin to Water and Sewer (formula driven)	120,000	0.15%
Transfer of 0.5 FTE from a capital department to a general levy department	82,896	0.11%
Increase in student wage rates	77,000	0.10%
Reduction in winter maintenance	(55,000)	-0.07%
Variances outside of Management's control		
Sarnia Police Services budget	1,224,824	1.57%
Union salary and wage increases, benefit increases	469,306	0.60%
Non-union salary and wage increases, benefit increases	101,700	0.13%
Reduction in recycling contract and increase in revenue	(121,000)	-0.16%
Election cost	116,654	0.15%
Increase in estimated Bluewater Power dividend	(100,000)	-0.13%
Increased contract costs for crossing guards and snow removal	93,000	0.12%
Decrease in County recovery for Planning department	84,433	0.11%
Fire's share of Police 911 system including increase in contribution to reserves	80,297	0.10%
Increase in St. Clair Region Conservation Authority budget	68,927	0.09%
Impacts of prior decisions		
Reversal of one-time operating support for 2021 budget	1,129,742	1.45%
Reversal of 2021 one time reduction in contribution to fleet reserve	700,000	0.90%
Reversal of 2021 one time reduction in contribution to tax stabilization reserve	600,000	0.77%
Increase in debt charges due to shorter amortization term of RBC debt	483,857	0.62%
Software Maintenance costs	345,857	0.44%
Reversal of 2021 decrease of interest transfer to reserves	244,744	0.31%
HR/Payroll system processing fees	100,800	0.13%
Reinstate 50% of the reduction in the contribution to the municipal drain reserve	50,000	0.06%
General Taxation Subtotal Before Mitigation	\$6,193,159	7.94%

Mitigation		
One year deferral of contribution to operating contingency reserve	(250,000)	-0.32%
Transfer from Operating contingency reserve to provide operational support	(3,818,491)	-4.90%
All other items combined	206,336	0.26%
Proposed Increase - General Taxation	\$2,331,004	2.99%

Asset Management levy	80,107	1.84%
Other Changes	40,867	0.94%
Proposed Increase - Transit Taxation	\$120,974	2.78%

Contribution to reserves	2,212,174	6.01%
LAWSS - City's share of LAWSS Administration, Operating and Capital budgets	332,937	0.91%
Equipment maintenance	210,000	0.57%
Collective agreement salary and wage increases, benefit increases	151,370	0.41%
Reduction in allocated admin to Water and Sewer (formula driven)	(120,000)	-0.33%
Decrease in outside services in water distribution to reflect historical experience	(98,750)	-0.27%
Decrease in Lead Reduction Program	(95,000)	-0.26%
Other Changes	(71,210)	-0.19%
Proposed Increase to Water & Sewer User Rates	\$2,521,521	6.85%

WHAT DOES THE CITY'S PROPOSED INCREASE MEAN FOR MY TOTAL TAX BILL?

As a part of a two-tier municipality, property taxes are collected by the City of Sarnia for the County of Lambton and the Ministry of Education. For the residential homeowner located in the transit area, this chart shows the estimated change to your total tax bill. It is estimated using the most recent median residential assessment values. The County of Lambton and the School Boards have a separate budgeting process from the City, and their changes will not be finalized until early 2022. This chart is shown for an estimate only and will change based on the approved budgets and any real assessment growth.

Total Property Tax Estimate	2021 Total Tax Bill	Draft Increase City	Estimated Increase Lambton County and School Boards	2022 Estimated Total Tax Bill
Residence valued at \$100K	\$1,533	\$28	\$9	\$1,570
Single Family Detached	\$2,963	\$61	\$20	\$3,044
Link Home	\$2,580	\$51	\$16	\$2,647
Freehold Rowhouse	\$1,510	\$47	\$15	\$1,572
Semi-Detached	\$1,924	\$38	\$12	\$1,975
Single Family (Lakefront)	\$13,313	\$275	\$88	\$13,675
Condominium	\$1,878	\$41	\$13	\$1,933
Estimated Increase on Total Property Tax Bill				2.20%

County and Education changes will not be known until Spring 2022, estimated increase only

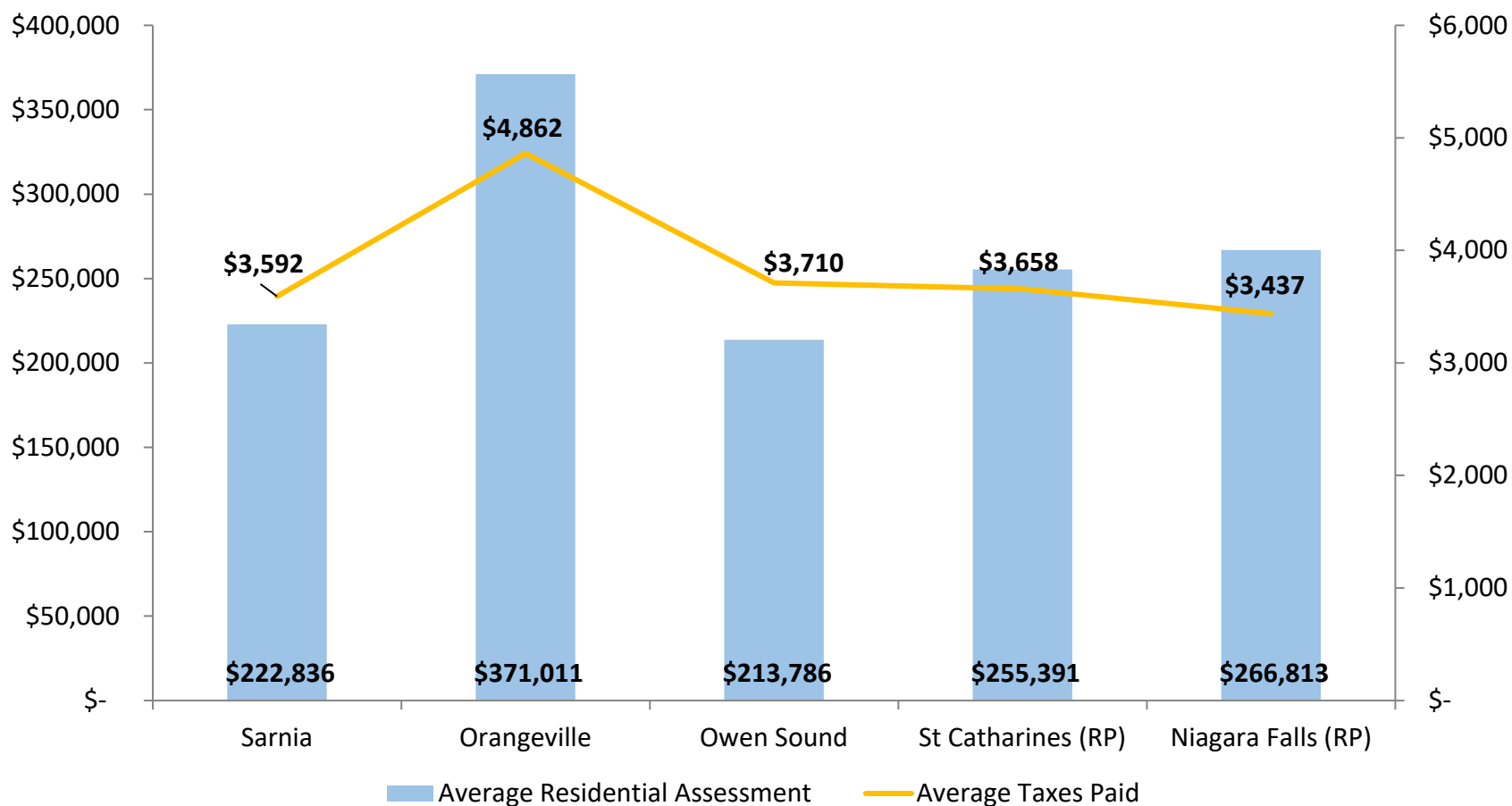
Residential information has been shown, but property taxes are shared by all property owners; this includes all property classes, such as residential, multi-residential, farm, commercial, and industrial. Heavily regulated by the Province, the County of Lambton sets policy to determine what portion of 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.

HOW DO CITY OF SARNIA TAXES COMPARE TO OUR COMPARITOR MUNICIPALITIES?

The following chart shows how the Sarnia's taxes compare to similar sized municipalities in Ontario. The bar graph indicates the average residential assessment value of a home, whereas the line graph indicator above shows the average property taxes paid.

Assessment Value / Taxes Paid

(Source: 2020 BMA Municipal Study)

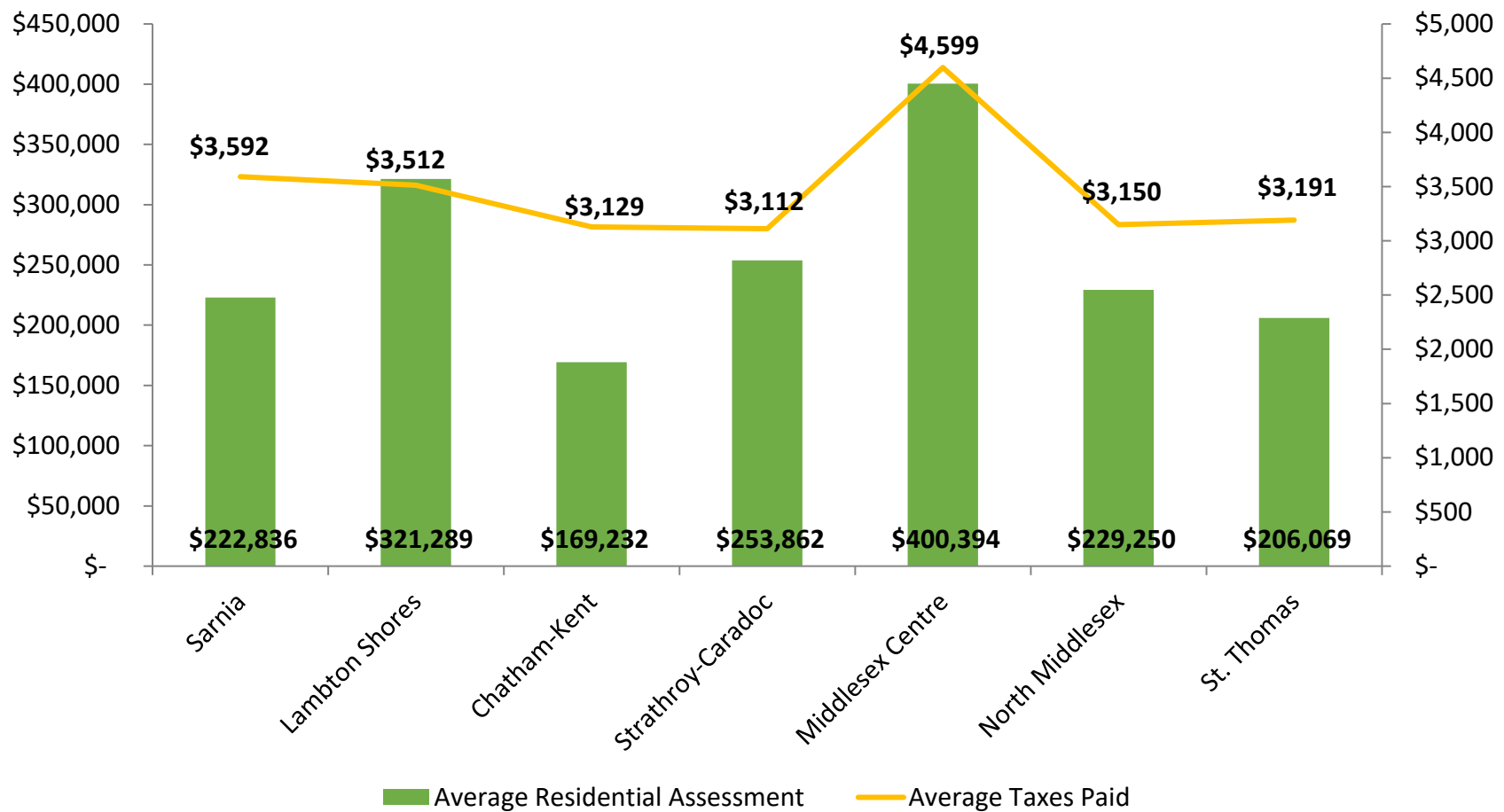


HOW DO CITY OF SARNIA TAXES COMPARE TO OUR NEIGHBOURING MUNICIPALITIES?

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.

Assessment Value / Taxes Paid

(Source: 2020 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, as part of the 2020 budget the City proposed, and Council approved, a build up of an asset management levy in the operating budget to further fund capital. The asset management levy was calculated as 2% of the 2019 levy for 2020 and grew to 4% in 2021. No further increase has been provided in the 2022 budget, however the City will propose future increases as appropriate for the pro-active maintenance of assets (i.e. rehabilitating them before they deteriorate into a poor condition).

The City is anticipating further debt reduction in the coming years, allowing for increased contributions to the capital reserves.

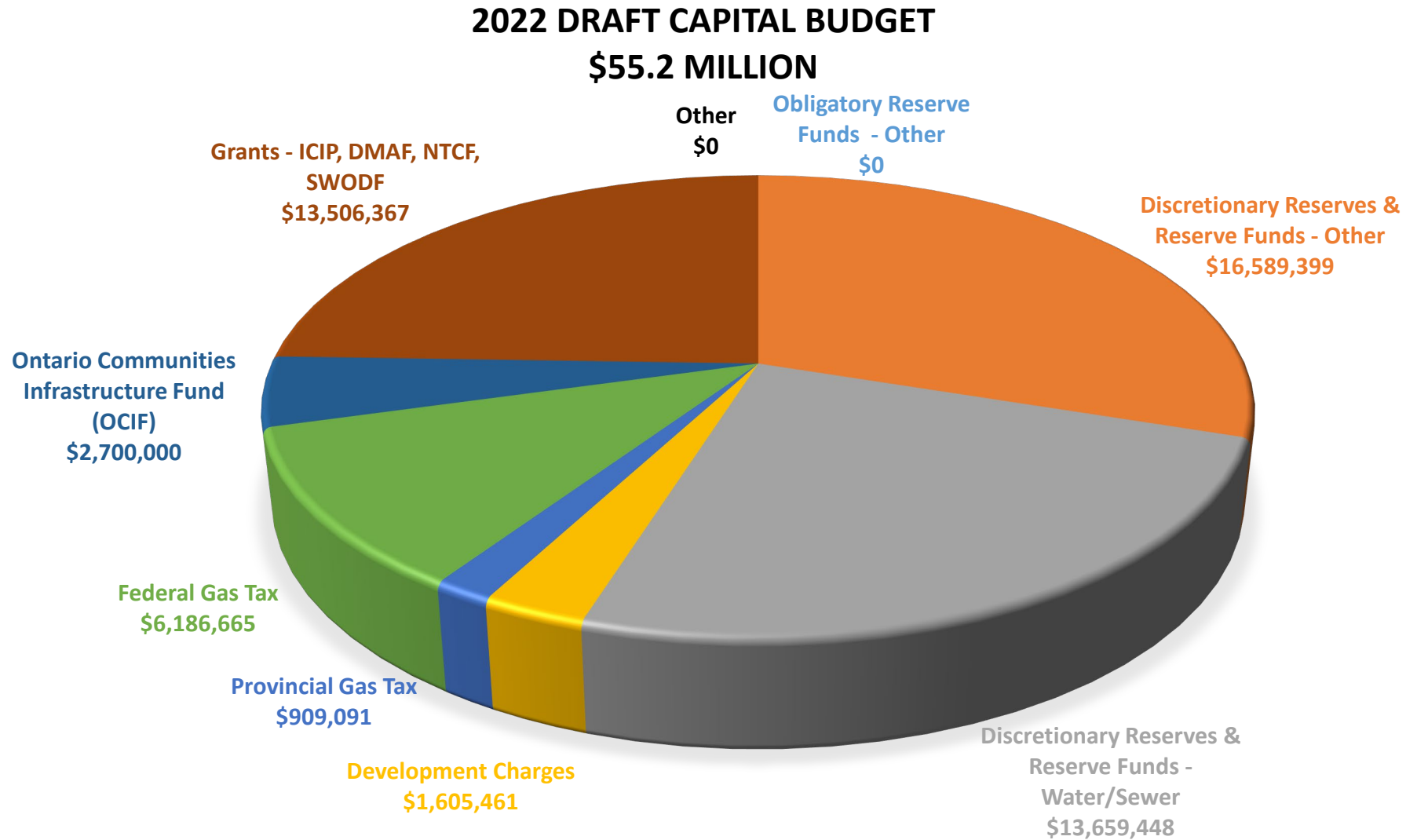
The City has been very successful in obtaining substantial Federal and Provincial grants for transit, roads, sewer upgrades, and water main replacements. The City must often provide financial resources in partnership with the grant programs, ranging from 33% to 60% of total project costs. To meet this 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.



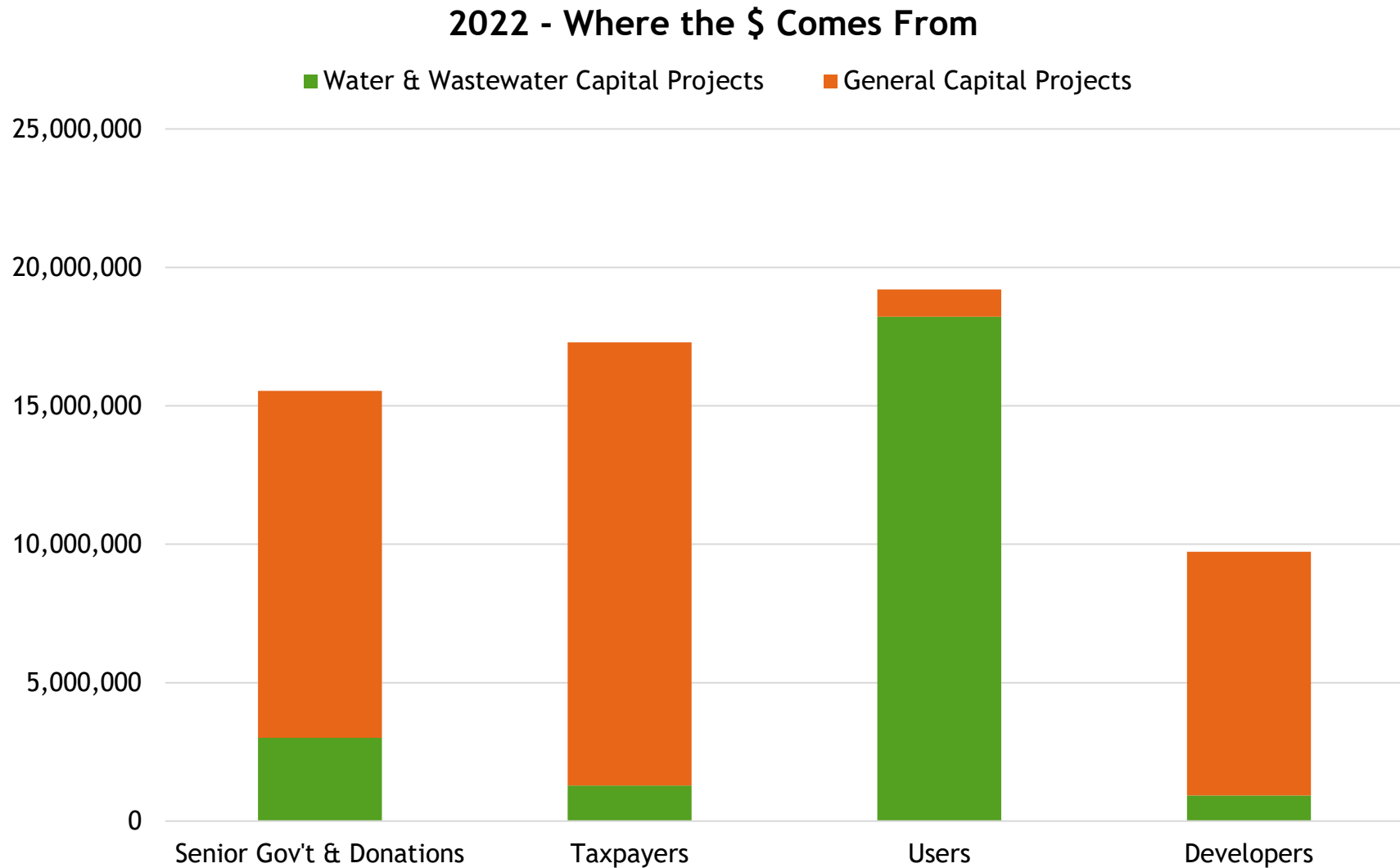
2022 DRAFT CAPITAL BUDGET

The following pie chart illustrates where the 2022 capital budget dollars are allocated.



2022 DRAFT CAPITAL BUDGET – WHERE THE \$ COMES FROM

The following bar graph shows where the money 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 2022. Additional summary reports are included in the Appendices to provide citizens information for review in advance of the Public Input Session. The Public Input and Grants Session will be held on Monday, November 22, 2021. Any citizen, group or organization who wishes to make a presentation on the 2022 Budget is requested to notify the City Clerk's office on, or before, noon on Wednesday, November 17, 2021.

You can watch video (live or recordings) of special Council meetings leading up to the Council Budget Deliberations scheduled for December 7, 2021 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 5, 2021 at <https://www.sarnia.ca/2022-budgets/>. These documents include:

2022 Draft Operating & Reserves Budgets	<ul style="list-style-type: none">•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
2022 Draft Capital Budget (Issued September 17, 2021)	<ul style="list-style-type: none">•Capital Budget Funding Sources•10 Year Capital Plan•Detailed Project Descriptions
2022 Draft Fees for Services	<ul style="list-style-type: none">•Fees by Department (including description of user fees)
2022 Draft Supplementary Budget Information	<ul style="list-style-type: none">•Budget Reports•Municipal Grant Policy•Municipal Grant Summary and Submitted Applications

APPENDICIES

- | | | |
|----|--------------------------------|-------------|
| 1. | 2022 Draft Operating Budget | Pages 34-35 |
| 2. | 2022 Proposed Capital Budgets | Pages 36-37 |
| 3. | Reserves and Reserve Funds | Page 38 |
| 4. | Proposed Water and Sewer Rates | Page 39 |

APPENDIX 1: 2022 DRAFT OPERATING BUDGET SUMMARY

Budget Area	2021 Approved Revenues	2021 Approved Expenses	2021 Net Expenses/ (Revenue)	2022 Draft Revenues	2022 Draft Expenses	2022 Net Expenses/ (Revenue)	2022 Draft Change
General							
Taxation	(79,803,280)	633,981	(79,169,299)	(82,161,150)	1,233,981	(80,927,169)	(1,757,870)
Non-Departmental Revenue	(8,042,049)	914,769	(7,127,280)	(8,278,620)	1,159,513	(7,119,107)	8,173
Council & Administration							
Mayor & Council	-	386,052	386,052	-	393,763	393,763	7,711
CAO	-	400,816	400,816	-	300,293	300,293	(100,523)
Economic Development	-	428,458	428,458	-	490,636	490,636	62,178
City Clerk	(353,845)	641,617	287,772	(696,021)	1,147,007	450,986	163,214
Corporate Services							
Corporate Services Admin	-	428,014	428,014	-	346,974	346,974	
Human Resources	(157,870)	1,007,539	849,669	(142,870)	947,787	804,917	(44,752)
Finance	(833,134)	2,098,767	1,265,633	(704,445)	2,174,746	1,470,301	204,668
Information Technology	(487,000)	1,893,514	1,406,514	(493,000)	2,271,272	1,778,272	
Customer Service	-	647,498	647,498	-	705,776	705,776	
Emergency Management	-	266,840	266,840	-	399,140	399,140	132,300
Legal	(58,200)	531,620	473,420	(58,200)	560,325	502,125	28,705
Communications	-	-	-	-	108,340	108,340	
Harbours	(1,270,295)	1,097,095	(173,200)	(1,278,292)	1,098,213	(180,079)	(6,879)
Fire Services							
Fire	(166,450)	21,039,559	20,873,109	(164,235)	21,601,000	21,436,765	563,656
Engineering & Operations							
Engineering	(2,821,309)	5,061,404	2,240,095	(3,309,490)	5,675,311	2,365,821	125,726
Public Works	(5,640,849)	9,994,283	4,353,434	(5,215,090)	9,923,389	4,708,299	354,865
Waste Management	(1,090,457)	4,381,345	3,290,888	(1,127,591)	4,373,856	3,246,265	(44,623)
Specialized Transit	(239,199)	1,144,158	904,959	(239,199)	1,147,401	908,202	3,243

Community Services							
Community Services Admin	-	-	-	-	124,081	124,081	124,081
Parks & Sports Fields	(724,100)	5,084,537	4,360,437	(559,725)	5,150,398	4,590,673	230,236
Recreation Programs	(500,304)	1,318,333	818,029	(500,304)	1,090,047	589,743	(228,286)
Committees of Council	(45,000)	124,505	79,505	(45,000)	124,505	79,505	
Facilities - Arenas & Pools	(2,534,585)	3,869,433	1,334,848	(2,492,085)	4,029,739	1,537,654	202,806
Facilities - Other & Libraries	(32,500)	1,120,606	1,088,106	(32,500)	1,063,012	1,030,512	(57,594)
Planning	(1,224,806)	1,107,709	(117,097)	(1,168,891)	1,061,641	(107,250)	9,847
Building	(721,000)	721,000	-	(788,682)	788,682	-	-
By-Law Enforcement	(674,600)	1,332,072	657,472	(672,050)	1,340,395	668,345	10,873
Debt & Unclassified							
Debt	-	727,700	727,700	-	1,016,132	1,016,132	288,432
Boards, Commissions	-	449,451	449,451	-	518,378	518,378	68,927
Other	(1,129,742)	13,664,418	12,534,676	(3,818,491)	14,321,893	10,503,402	(2,031,274)
Police Services							
Police Services	(2,586,091)	28,619,572	26,033,481	(2,702,721)	29,961,026	27,258,305	1,224,824
Total General Operating	(111,136,665)	111,136,665	-	(116,648,652)	116,648,652	-	-
Transit							
Taxation	(4,373,130)	150,976	(4,222,154)	(4,494,104)	231,083	(4,263,021)	(40,867)
Operations	(2,631,813)	6,853,967	4,222,154	(2,631,313)	6,894,334	4,263,021	40,867
Total Conventional Transit	(7,004,943)	7,004,943	-	(7,125,417)	7,125,417	-	-
Water & Sewer							
Water Administration	(17,435,414)	6,626,052	(10,809,362)	(17,997,590)	6,994,598	(11,002,992)	(193,630)
Water Distribution & Lead Reduction	(491,952)	11,301,314	10,809,362	(414,787)	11,417,779	11,002,992	193,630
Sewer Administration	(18,700,071)	2,596,542	(16,103,529)	(20,510,583)	2,789,954	(17,720,629)	(1,617,100)
Sanitary Sewers	-	9,855,644	9,855,644	-	11,205,555	11,205,555	1,349,911
Environmental Services Group	-	1,955,341	1,955,341	-	1,992,306	1,992,306	36,965
Sewage Treatment	(205,000)	4,497,544	4,292,544	(350,000)	4,872,768	4,522,768	230,224
Storm Sewer Maintenance	(785,054)	785,054	-	(933,887)	933,887	-	-
Total Water & Sewer	(37,617,491)	37,617,491	-	(40,206,847)	40,206,847	-	-

APPENDIX 2: 2022 PROPOSED CAPITAL PROJECTS

Page number refers to the corresponding Capital Project Request sheet in the Draft 2022 Capital Budget book.

Division	Department	Project Name	2022 Proposed
City Administration	Economic Development	Sarnia Chris Hadfield Airport Infrastructure Upgrades, p.6	(420,000)
City Administration Total			(420,000)
Community Services	Facilities	Backflow Prevention, p.8	(100,000)
		City Hall Improvements, p.9	(350,000)
		Clearwater Arena Improvements, p.10	(300,000)
		Progressive Auto Sales Arena (PASA) Improvements, p.11	(1,900,000)
		Sarnia Library Improvements, p.12	(80,000)
	Parks and Recreation	Canatara Park Improvements, p.13	(100,000)
		Germain Park Improvements, p.14	(300,000)
		Neighbourhood Parks, p.15	(150,000)
		Playground Equipment Replacement, p.16	(300,000)
		Tecumseh Park/Cox Youth Centre Improvements, p.17	(1,920,670)
		Waterfront Improvements, p.18	(150,000)
Community Services Total			(5,650,670)
Corporate Services	Customer Service	Website Redevelopments, p.20	(183,000)
	Emergency Management	Facility Access Control Systems, p.21	(60,000)
	Information Technology	Backup Solution, p.22	(80,000)
		IT Hardware Asset Lifecycle, p.23	(365,000)
		Virtual Server Infrastructure, p.24	(90,000)
Corporate Services Total			(778,000)
Engineering & Operations	Engineering	Accessibility Improvements, p.26	(192,500)
		Active Transportation Projects, p.27	(2,262,961)
		Bridges & Culverts, p.28	(850,000)
		City Entrance Signage, p.29	(225,000)
		Intersection Upgrades, p.30	(900,000)
		Oversized Load Corridor, p.31	(5,200,000)
		Parking Lot Reconstruction, p.32	(450,000)
		Road Rehabilitation, p.33	(2,000,000)
		Shoreline Protection, p.34	(3,250,000)

Division	Department	Project Name	2022 Proposed
Engineering & Operations	Engineering	Streetlight Replacements, p.35	(100,000)
		Traffic Signals, p.36	(100,000)
		Transportation Master Plan & Streetscape Improvements, p.37	(100,000)
	Operation Services	Former Michigan Avenue Landfill Remediation, p.38	(300,000)
Engineering & Operations Total			(15,930,461)
Engineering & Operations	Transit	Maintenance Equipment Upgrades/Replacements, p.39	(385,000)
		Bus Stop Improvements, p.40	(213,666)
		Fleet Replacement & Expansion, p.41	(1,600,000)
		Terminal Upgrades, p.42	(1,595,000)
Engineering & Operations Total			(3,793,666)
Engineering & Operations	Engineering	Combined Sewer Separation, p.43	(6,150,000)
		Plank Road Reconstruction, p.44	(8,750,000)
		Watermain Replacements, p.45	(2,590,000)
	Operation Services	Bright's Grove Sewage Treatment Facility, p.46	(700,000)
		Pumping Station Improvements, p.47	(250,000)
		Wastewater Pollution Control Centre - Biosolids Processing Upgrades, p.48	(3,500,000)
		Wastewater Pollution Control Centre - Process Improvements, p.49	(400,000)
	Public Works	Lead Reduction, p.50	(1,200,000)
		Water Meter Replacements, p.51	(150,000)
Engineering & Operations Total			(23,690,000)
Fire Services	Fire Services	Bunker Gear Replacement, p.53	(90,000)
		Radio System & User Gear, p.54	(1,596,969)
		Records Management System, p.55	(180,000)
		Fire Station 3 - Demolition, Design, Construction, p.56	(2,566,665)
Fire Services Total			(4,433,634)
Police Services	Police Services	911 Communication	(360,000)
		Building Improvements	(100,000)
Police Services Total			(460,000)
Total Proposed Capital Projects			(55,156,431)

APPENDIX 3: RESERVES AND RESERVE FUNDS

The City holds Reserves and Reserve Funds that are similar to your savings account; they ensure the City has funding for specific purposes or capital projects when needed. Some examples of different types are:

1. "Reserves" are set up by Council and cushion the impact that major expenditures have on property taxes. For example, Tax Stabilization Reserve or Operating Contingency Reserve.
2. "Reserve Funds" earn interest and have external restrictions for collection and use.
 - a. Obligatory (Restricted) – required for legislated or legal reasons. For example, Development Charges are collected from developers and can only be spent for very specific purposes.
 - b. Discretionary – created by Council By-Law, often based on an agreement or donation, for example Bluewater Gymnastics Reserve Fund, or YMCA Reserve Fund.

Below is a high-level summary of the expected opening balances, revenue and spending, and forecasted ending balances for the City's Reserves and Reserve Funds, and types of Inflows (contributions) and Outflows (commitments).

Reserves Budget	Project Type	2022
Opening Balances	Opening Balance	42,993,439
Opening Balances Total		42,993,439
Reserve Inflows	Retired Debt	7,807,631
	Senior Government Grants	17,471,985
	Reserve Transfer	1,609,199
	Interest	14,000
	Developer Levies	1,720,000
	Other Revenue	311,798
	Operating Transfer	25,383,461
	Operating Transfer - Fleet Contribution	3,849,227
Reserve Inflows Total		58,167,301
Reserve Outflows	Equipment/Fleet Replacement	(2,005,000)
	Capital Projects	(55,965,239)
	Reserve Transfer	(1,609,199)
	Direct from Reserve Expense	(7,029,036)
	Operating Transfer	(7,640,197)
Reserve Outflows Total		(74,248,671)
Ending Balance		26,912,069

APPENDIX 4: PROPOSED WATER AND SEWER RATES

2022 Proposed Metered Rates			
Size of Meter	Water Distribution Charge (\$/month)	Water Consumption Charge (\$/m3)	Sewer Surcharge (%) *
5/8"	\$30.42	\$0.5322	125.81%
3/4"	\$42.96	\$0.5322	125.81%
1"	\$108.39	\$0.5322	125.81%
1 1/2"	\$216.78	\$0.5322	125.81%
2"	\$400.59	\$0.5322	125.81%
3"	\$770.95	\$0.5322	125.81%
4"	\$1,204.66	\$0.5322	125.81%
6"	\$2,504.13	\$0.5322	125.81%
8"	\$4,817.81	\$0.5322	125.81%
10"	\$7,980.84	\$0.5322	125.81%

* The sewer surcharge is calculated on your total water bill (distribution plus consumption).

Average Residential Water & Sewer Cost/Year (Based on 200 m3/Year Consumption)		
Water Meter Size	5/8"	3/4"
Distribution Charge (\$/month)	\$30.42	\$42.96
Water Consumption (\$/m3)	\$8.87	\$8.87
Distribution + Consumption	\$39.29	\$51.83
Sewer Surcharge (\$/month)	\$49.43	\$65.21
Average Cost (\$/month)	\$88.72	\$117.04
Average Cost (\$/year)	\$1,064.65	\$1,404.45



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