

## **Executive Summary - City of Sarnia**

### **Socio-Economic Factors**

Socio-economic indicators describe and quantify a municipality's wealth and economic conditions and provide insight into a municipality's collective ability to generate revenue relative to the municipality's demand for public services. An evaluation of socio-economic factors contributes to the development of sound financial policies. An examination of local economic and demographic characteristics can identify the following situations:

- Changes in the tax base as measured by population, property value, employment, or business activity
- A need to shift public service priorities because of demographic changes in the municipality
- A need to shift public policies because of changes in economic conditions

<b>Socio-Economic Factors</b>	<b>Sarnia</b>	<b>Total Survey</b>		<b>Southwest</b>
		<b>Average</b>		
2021 Population Density per sq. km.	451	539		484
2011-2016 Population Increase %	-1.1%	4.9%		2.8%
2020 Building Construction Value per Capita	\$ 1,086	\$ 3,763	\$	3,701
2021 Estimated Average Household Income	\$ 102,542	\$ 109,551	\$	98,663
2021 Weighted Median Value of Dwelling	\$ 222,836	\$ 370,531	\$	260,076
2021 Unweighted Assessment per Capita	\$ 104,674	\$ 175,655	\$	149,733
2021 Weighted Assessment per Capita	\$ 119,305	\$ 176,674	\$	135,656

### **Financial Indicators**

The Municipal Financial Indicators section of the report includes a number of measures such as the financial position, operating surplus, asset composition ratio, reserves, debt and taxes receivables.

**Key financial indicators** have been included to help evaluate each municipality's existing financial condition and to identify future challenges and opportunities. A number of industry recognized indicators that are used by credit rating agencies and/or recommended by Government Finance Officers' Association (GFOA) and the Ministry of Municipal Affairs and Housing have been included. Indicators related to **Sustainability**, **Flexibility** and **Vulnerability** have been included. It should be noted that Water and Wastewater indicators have also been included in the Water/Wastewater section of the report.

The tables on the following page provide highlights from this section of the report.

### ***Sustainability***

The ability to provide and maintain service and infrastructure levels without resorting to unplanned increases in rates or cuts to services.

2020 Sustainability Indicators	Sarnia	Total Survey Average
Financial Position per Capita	\$ 1,324	\$ 848
Tax Asset Consumption Ratio	42.3%	43.9%
Net Financial Liabilities Ratio	(0.8)	(0.6)

### ***Vulnerability***

Addresses a municipality's vulnerability to external sources of funding that it cannot control and its exposure to risks.

2020 Vulnerability Indicators	Sarnia	Total Survey Average
<b><u>Reserves</u></b>		
Tax Reserves (less WWW) as % of Taxation	53.8%	88.7%
Tax Reserves as % of Own Source Revenues	46.9%	69.8%
Tax Reserves / Capita	\$ 584	\$ 912
<b><u>Debt</u></b>		
Tax Debt Charges as % of Own Source Revenue:	8.0%	4.2%
Total Debt Outstanding / Capita	\$ 61	\$ 685
Tax Debt Outstanding / Capita	\$ 61	\$ 457
Debt Outstanding per Own Source Revenue	3.5%	37.1%
Debt to Reserve Ratio	0.1	0.7

### ***Flexibility***

The ability to issue debt responsibly without impacting the credit rating. Also, the ability to generate required revenues.

2020 Flexibility Indicators	Sarnia	Total Survey Average
Taxes Receivable as % of Taxes Levied	1.1%	6.2%
Rates Coverage Ratio	100.0%	91.8%

### *Analysis of Net Municipal Levy per Capita and per Assessment*

In order to better understand the relative tax position for a municipality, another measure that has been included in the study is a comparison of net municipal levies on a per capita and per \$100,000 basis. This measure indicates the total net municipal levy needed to provide services to the municipality. This analysis does not indicate value for money or the effectiveness in meeting community objectives. Net municipal expenditures per capita may vary as a result of:

- Different service levels
- Variations in the types of services
- Different methods of providing services
- Different residential/non-residential assessment composition
- Varying demand for services
- Locational factors
- Demographic differences
- Socio-economic differences
- Urban/rural composition differences
- User fees policies
- Age of infrastructure
- What is being collected from rates as opposed to property taxes

As such, this analysis is not an “apples to apples” comparison of services, but rather has been included to provide insight into the net cost of providing municipal services within each municipality. Further analysis would be required to determine the cause of the differences across each spending envelope and within each municipality. This analysis was completed using the most current information available – net municipal levies as per the 2021 municipal levy by-laws and the 2021 estimated populations.

2021	Sarnia	Total Survey		Southwest
		Average		
Net Municipal Levy per Capita	\$ 1,638	\$ 1,695	\$	1,605
Net Municipal Levy per \$100,000 Unweighted CVA	\$ 1,565	\$ 1,098	\$	1,211

### *User Fees*

A number of user fees have been included in the Study including the following:

2021 Fees	Sarnia	Total Survey		Southwest
		Average		
Development Charges - Single Detached	\$ 14,374	\$ 40,217	\$	18,663
Residential Building Permit Fee	\$ 1,670	\$ 2,394	\$	2,325

### *Comparison of Tax Ratios*

Tax ratios reflect how a property class tax rate compares to the residential rate. Changes in tax ratios affect the relative tax burden between classes of properties. Tax ratios can be used to prevent large shifts of the tax burden caused by relative changes in assessment among property classes as well as to lower the tax rates on a particular class or classes.

2021 Tax Ratios	Sarnia	Total Survey Average
Multi-Residential	2.0000	1.7370
Commercial (Residual)	1.6271	1.6777
Industrial (Residual)	2.0476	2.1399

### *Taxes and Comparison of Relative Taxes*

The purpose of this section of the report is to undertake “like” property comparisons across each municipality and across various property types. In total there are 12 property types in the residential, multi-residential, commercial and industrial classes. There are many reasons for differences in relative tax burdens across municipalities and across property classes including, but not limited to:

- Differences in values of like properties
- Differences in the tax ratios and the use of optional classes
- Non-uniform education tax rates in the non-residential classes
- Level of service provided and the associated costs
- Extent to which a municipality employs user fees
- Access to other sources of revenues such as dividends from hydro utilities and casino revenues

2021 Property Taxes	Sarnia	Total Survey Average	Southwest
Detached Bungalow	\$ 3,101	\$ 3,613	\$ 3,252
2 Storey Home	\$ 5,002	\$ 4,781	\$ 4,483
Senior Executive Home	\$ 5,530	\$ 6,657	\$ 6,189
Walk Up Apartment (per Unit)	\$ 1,481	\$ 1,440	\$ 1,456
Mid/High Rise (per Unit)	\$ 2,118	\$ 1,868	\$ 1,841
Neigh. Shopping (per sq. ft.)	\$ 4.03	\$ 3.72	\$ 3.28
Office Building (per sq. ft.)	\$ 2.30	\$ 3.05	\$ 2.71
Hotels (per Suite)	\$ 1,008	\$ 1,595	\$ 1,298
Motels (per Suite)	\$ 942	\$ 1,208	\$ 1,052
Industrial Standard (per sq. ft.)	\$ 1.52	\$ 1.56	\$ 1.24
Industrial Large (per sq. ft.)	N/A	\$ 1.10	\$ 0.80
Industrial Vacant Land (per Acre)	\$ 1,811	\$ 4,533	\$ 1,623

### *Comparison of Water and Sewer User Costs*

A comparison was made of water/sewer costs in each municipality. The following table summarizes the costs in the municipality for water and sewer on typical annual consumption against the overall survey average.

2021 Water/Sewer Cost of Service	Sarnia	Total Survey Average	Southwest
Residential - 200 m <sup>3</sup>	\$ 1,015	\$ 1,174	\$ 1,225
Commercial - 10,000 m <sup>3</sup>	\$ 20,393	\$ 38,533	\$ 38,217
Industrial - 30,000 m <sup>3</sup>	\$ 49,890	\$ 111,207	\$ 102,444
Industrial - 100,000 m <sup>3</sup>	\$ 130,527	\$ 359,743	\$ 319,381
Industrial - 500,000 m <sup>3</sup>	\$ 560,420	\$ 1,779,386	\$ 1,545,326

### *2021 Property Taxes and Water/Wastewater Costs as a % of Income*

This section of the report provides a comparison of the availability of gross household income to fund municipal services on a typical household. This provides a measure of affordability within each community.

2021 Affordability Indicators	Sarnia	Total Survey Average	Southwest
Property Taxes as a % of Household Income	3.3%	3.8%	3.6%
Water/Sewer + Taxes as a % of Household Income	4.3%	4.9%	4.9%

### *Economic Development Programs*

A summary was completed of programs that municipalities have implemented to promote economic development in the areas of retention and expansion, downtown development, and brownfield redevelopment.