



2023 DRAFT BUDGET HIGHLIGHTS

Sarnia: The Place You Want to be!



Sarnia
ONTARIO

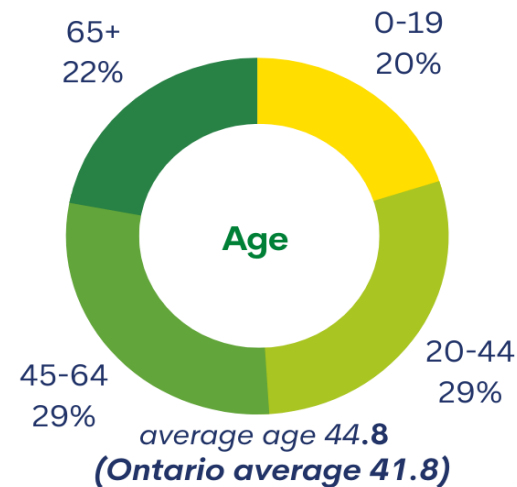
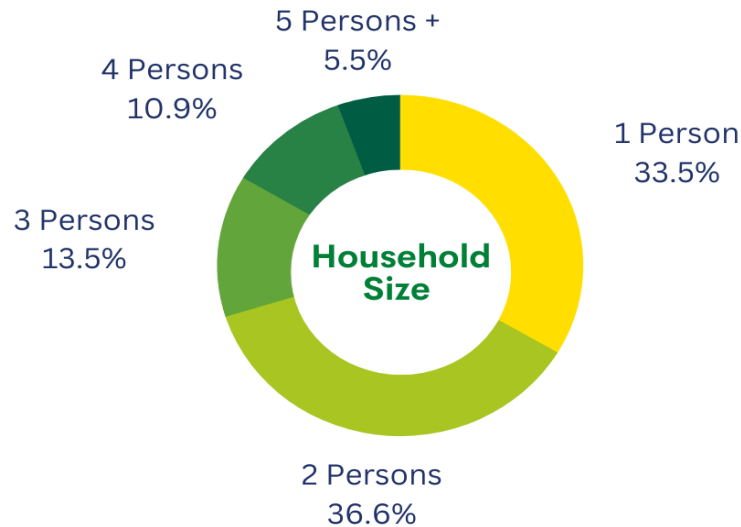
Contents

Organizational Structure	2
Sarnia Statistics	3
Budget Process	4
Budget Highlights	5
Budget	6
2023 Draft Budget Overview	7
Capital Investments	7
General Levy and Transit	7
Water and Sewer	8
Things We Do	10
Where Does the Money Come From?	11
Where Does the Money Go?	11
Property Taxation – Where Does It Go?	12
Proposed 2023 Budgets – Expenditures	13
2023 Draft Expenditures	14
Total Amount to be Collected through Taxation and Rates	15
What Does This Proposed Property Tax Increase Mean to Sarnia's Residential Property Owners?	16
Property Tax Comparison With Similar Municipalities	17
Property Tax Comparison With Neighbouring Municipalities	18
How Do City of Sarnia Taxes Compare With Similar Municipalities?	19
How Do City of Sarnia Taxes Compare to our Neighbouring Municipalities?	20
Key Causes of the Proposed Property Tax/Rate Increase	21
What Does the City's Proposed Increase Mean For My Total Tax Bill?	23
Asset Management - Capital Budget	24
2023 Draft Capital Budget	25
2023 Draft Staff Summary	27
Appendices	28
Appendix 1: 2023 Draft Operating Budget Summary	29
Appendix 2: 2023 Proposed Capital Projects	31
Appendix 3: Reserves and Reserve Funds	33
Appendix 4: Proposed Water and Sewer Rates	34

ORGANIZATIONAL STRUCTURE



72,047 people call Sarnia home.



\$102,542
average household income

3.3% property taxes as a per cent of household income.
(Survey average 3.8%)

4.3% water/sewer + property taxes as a per cent of household income.
(Survey average 4.9%)

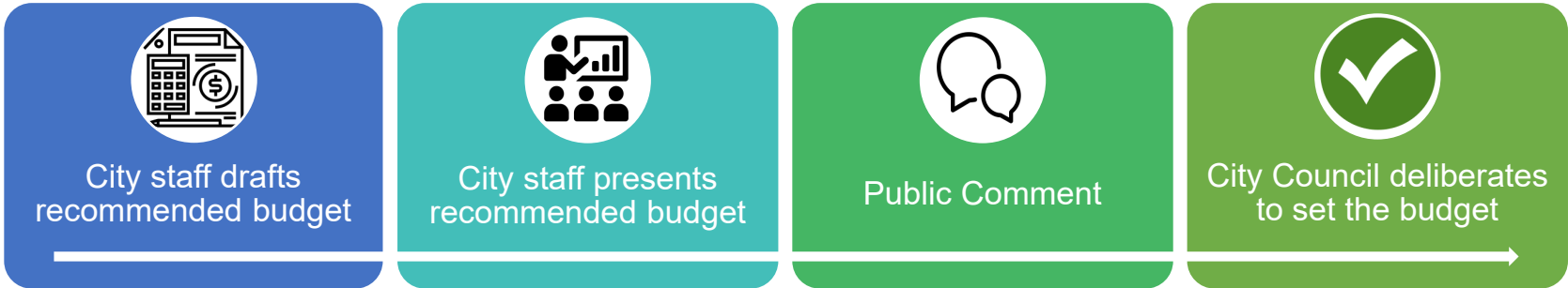
Statistics - 2021 BMA Study & 2021 Census

BUDGET PROCESS

Sarnia’s budget is first proposed by City staff to deliver the services and programs our community values. It is an ongoing and continuously changing process as budgets are drafted, revised, presented, adopted, and monitored throughout the course of the year.

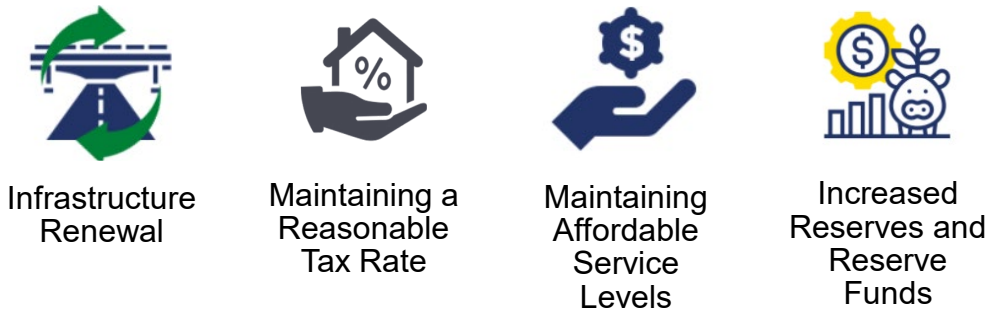
Once a recommended budget has been set by City staff, it is made public and presented to Council. Council and the community then have time to review and comment before it is ultimately approved during budget deliberations.


**Email questions or
comments to
budget@sarnia.ca**



On Monday, December 12, 2022 City Council will hold a Public Input and Grants Session. Any citizen, group, or organization who wishes to make a presentation on the 2023 Budget is requested to notify the City Clerk’s office on or before noon, Wednesday, December 7, 2022.

January 2023, Council will consider all aspects of the budget and aim to approve a budget that takes into account the City’s *Fiscal Fitness Pillars*.



BUDGET HIGHLIGHTS

This document provides a high-level overview of the budget process, aspects of the budget, and the proposed changes for 2023. Additional summary reports are included in the Appendices to provide citizens information for review in advance of the Public Input Session which will be held on Monday, December 12, 2022.

You can watch video (live or recordings) of special Council meetings leading up to the Budget Deliberations to be held in January 2023 at sarnia.civicweb.net/portal/.

If you would like a more detailed look at the numbers and background data that goes into the development of the proposed budgets, there are a number of detailed documents available on our website at sarnia.ca/city-government/budgets-and-financial/2023-budgets/.

These detailed documents include:

2023 Draft Operating Budget	<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
2023 Draft Capital and Reserves Budgets	<ul style="list-style-type: none">• Capital Budget Funding Sources• Ten-Year Capital Plan• Detailed Project Descriptions• Reserve and Reserve Fund Summary• Draft 10-Year Reserves Plan• Dedicated Reserve and Reserve Fund Revenue and Expenditures• Draft Reserve and Reserve Fund Budget• Direct from Reserve Requests• Draft Equipment Replacement List• Forecasted Reserve and Reserve Fund Balances
2023 Proposed Fees for Services	<ul style="list-style-type: none">• Fees by Department (including description of user fees)
2023 Draft Supplementary Budget Information	<ul style="list-style-type: none">• Budget Reports• Municipal Grants Eligibility/Ineligibility Criteria

BUDGET

The budget is our plan to manage your money and other funding we receive to deliver the services that are important to you, your family, and our community. The annual budget is made up of the following parts:

OPERATING BUDGET: Includes all daily activities needed to provide City services. There are five main categories:

1. General Levy - Includes net operating costs of all City department budgets except Conventional Transit, Water and Sewer.
2. Police Budget - Regulated by the *Police Services Act*, the Police Services Board approves the detailed Police budget. City Council does not have the authority to approve/disapprove specific items but approves the overall budget allocated to Police. The Police budget is included in the General Tax Levy.
3. Transit Levy - Properties within 450m of transit bus routes pay the transit tax levy to support the operations of the conventional transit bus system. Specialized transit operations are included in the General Tax Levy.
4. Water Rates - Provide the required funding for the City to operate and maintain the water distribution system which allows the water acquired through the Lambton Area Water Supply System (LAWSS) to be provided to municipal ratepayers.
5. Sewer Rates - Provide required funding for the City to operate and maintain the municipal sanitary system, including the sewage treatment plant, Bright's Grove sewage lagoons, and storm sewers. These costs are recovered by charging a sewer surcharge on water users that have access to the municipality's sanitary and storm sewer systems.

FEES FOR SERVICES: Fees paid by users of some City services that are not fully funded by tax levies. For examples marriage or business licenses, bus fares, fire inspections, sports fields rentals, ice rentals, building permits, and recreation program fees.

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

RESERVES BUDGET: Reserves represent the financial foundation for long-term financial planning to ensure adequate financial resources are available to continually maintain and 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, including transfers from operating budget and external funding such as grants and developer levies. The Reserves Budget also includes outflows such as capital projects, vehicle and equipment replacement, and direct from reserves requests, for example studies and masterplans.

2023 DRAFT BUDGET OVERVIEW

The 2023 Draft Budget aims to balance affordability for taxpayers with critical infrastructure investment needs, and externally driven costs such as increases to the police budget and inflation. In balancing these needs and factors the budget proposes an estimated final property rate increase of 1.84 per cent that includes Lambton County and Ministry of Education rates. It is important to note that this final, blended-rate increase includes estimates for the Police Services budget in addition to the County and Ministry of Education.

CAPITAL INVESTMENTS

In the proposed budget the City will continue with an aggressive and expansive plan to renew infrastructure, including \$44.7 million in capital projects for 2023. Total capital investment from 2019 to 2023 is \$231,168,045, an increase of \$108,553,204 or almost 90% over the previous 5-year (2014-2018) capital investment of \$122,614,841. Management is continuing to work through the capital requests to make the appropriate recommendations to Council for approval of the 2023 Draft Capital Budget.

The 10-year unfunded capital plan was not intended to be a wish list, but rather a realistic plan of what needs to be accomplished via the Capital Budget if funding is available. These projects, due to their nature, can be postponed to future years in the case of limited financial resources. We are looking for direction from Council on how to proceed with unfunded capital project requests. After staff have received Council's direction, the financial plan will be communicated and reported to Council for approval.

GENERAL LEVY AND TRANSIT

The budget outlines a proposed 4.01 per cent increase to the City's general levy portion of property tax rates, and a 13.48 per cent increase to the City's Transit Area Levy. When combined these increases amount to a 4.52 per cent increase to the City's portion of the property tax rate. A one per cent change in the general levy is approximately \$795,000.

Of the proposed City general levy increase, a 0.34 per cent increase represents decisions directly under management's control. An additional 1.88 per cent increase represents item's outside of the City's control - such as wage and insurance cost increases - and 7.15 per cent increase related to the impacts of prior decisions including the reversal of 2022 mitigation efforts. A six per cent* increase to the Police Services budget represents an additional 2.06 per cent increase to the City's general levy. To offset these increases management is proposing mitigation measures to provide operating support from a combination of one-time reductions in contributions to the WSIB and one time deferral in contribution to Capital Infrastructure Reserve (fully transferred

back from 2022 surplus in 2023) as well as a transfer from the Operating Contingency Reserve. Total Mitigation impacts will reduce the tax levy increase by 7.44 per cent, for a proposed increase to the City's general levy of 4.01 per cent.

The operating support coming from the Operating Contingency Reserve is due to recent surpluses, including the 2021 operating budget surplus. While this is not a sustainable mitigation tool over multiple years, it can be effective when surpluses exist and external pressures, such as the recent pandemic, could otherwise limit property owners to absorb an increase.

*Due to the timing of the Police Service Board meeting, where the Police Services will present their draft budget details, City Finance staff has included an estimated overall increase to the Police Budget of six per cent. Full details of the Police Budget will not be known until approved at the November 17, 2022 Police Service Board Meeting. Changes in the police budget will be presented and addressed during the 2023 Budget Deliberation Day meeting held in January 2023.

WATER AND SEWER

The 2023 Draft Budget includes a combined increase in Water and Sewer rates of 7.64 per cent. 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 LAWSS costs.



FINANCE

14,263 Invoices Processed
6,412 EFT Payments
657 Cheques Issued
\$158,743,615 AP Disbursements
40,257 Tax Bills Issued
\$23.1M Total Construction
Contracts Awarded
\$22.9 Value of Construction
Contracts Awarded over \$100,000



TRANSIT

666,909 Passengers
22 Conventional Buses
17 Conventional Routes
49 Bus Shelters (20 Solar)
482 Bus Stops
7,267 Care-A-Van Passenger Trips
7 Care-A-Vans
1.2M Conventional Revenue Kms
221K Care-A-Van Revenue Kms
992 Transit App Downloads
12,287 Annual Active Users



CUSTOMER SERVICE

40,000+ Customer Service Calls
2,003 Tax Certificates
4,185 Dog Licenses
358 Business Licenses
297 Marriage Licenses
1,257 Burial Permits
73 Lottery Licenses
12,915 Receipts
8,971 Recycle Coach App Users



CLERKS

43 MFIPPA Requests
18 Live Stream Council Meetings
Corporate Records Management



LEGAL SERVICES

94 Documents Registered
239 Property Searches
17 Notaries



WATER & SEWER

502 km of Watermains
353 km of Sanitary Sewer
327 km of Storm Sewer
49 km of Forcemains
89 Watermain Breaks
125 Service Repairs
6,767 Service Locates
493 Water On/Off
60 Pumping Stations
8 Stormwater Facilities
2 Storage Buildings
2 Wastewater Treatment Facilities



COMMUNICATIONS

75 Media Releases

Facebook

8.5K Page Likes, ^ 5.8%
111K Engagements, ^ 1.7%

Twitter

6.5K Followers, ^ 11.4%
2.5K Engagements, ^ 25.1%

Instagram

7.3K Followers, ^ 26.7%
42K Engagements, ^ 91.2%



PUBLIC WORKS

2 Public Works Centres
2 Wastewater Treatment
Facilities
444 km of Roads
32 Bridges / Culverts
94 Traffic Lights
8,140 Street Lights
35,096 Single & Multi-Family
Households for Waste Pickup
4,163.82 Tonnes of Compostable
Material Collected



PARKS & RECREATION / FACILITIES

3 Community Events - Hosted
 10 Community Events - Assisted
 14 Hectares of Beach/Waterfront
 50 km of Trails and Pathways
 1,200 acres of Parkland/Trails Maintained
 60 In-Person Recreational Programs
 12 Online Recreational Programs
 4 Community Centres
 1 Pool, 1 Splash Pad
 8 Tennis Courts, 2 Locations
 8 Pickleball Courts, 2 Locations
 3 Arenas, 5 Ice Surfaces
 16 Ball Diamonds
 32 Soccer Fields
 2 Football/Rugby Fields
 30 Shelters/Gazebos
 3 Greenhouses
 90,000 Municipal Trees
 500 Trees Planted
 31,500 sq. m of Gardens



PLANNING / BUILDING / BY-LAW ENFORCEMENT

\$131M Development Applications
 Reviewed & Approved
 189 Zoning & Compliance Certificates
 19 Home Occupations Permits
 147 Planning Applications
 57 Pre-Application Meetings
 635 Building Permits
 2,011 By-Law Complaints
 4,985 Parking Violations



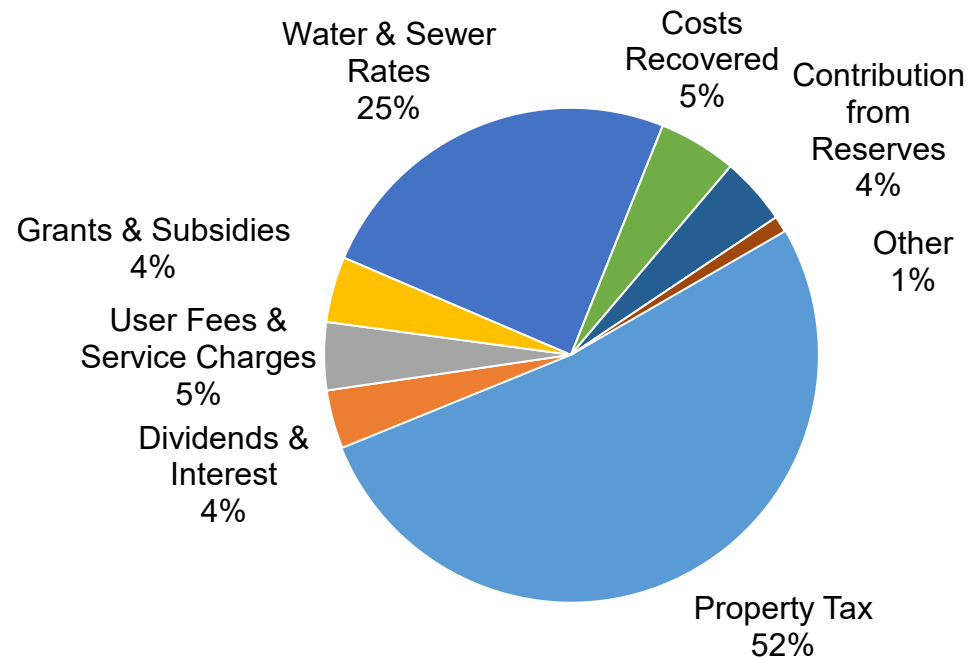
FIRE & RESCUE SERVICES

5 Fire Stations
 4 Civilian Injuries
 0 Firefighter Injuries
 0 Fire Related Deaths
 311 Fire Prevention Inspections (FDM)
 219 Motor Vehicle Collisions
 3,092 Responses
 0 Haz-Mat Responses
 30 Marine Responses (8 Training)
 1,264 Tiered Response
 800 Public Education Interactions

Data Based on 2021 Stats

WHERE DOES THE MONEY COME FROM?

2023 REVENUE SOURCES



WHERE DOES THE MONEY GO?

Operating

Operating budgets include the day-to-day activities needed to provide City services, including expenditures such as wages, service contracts, supplies, equipment, insurance, and utilities.

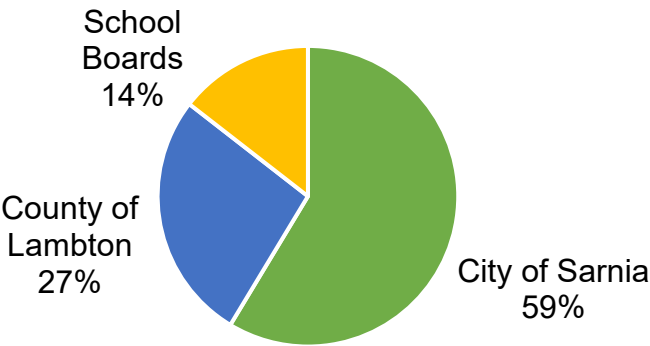
Capital

Capital budgets include costs for new, major rehabilitation, or replacement of the City's infrastructure, including road and underground service rehabilitation, shoreline protection, fire trucks, building and technology upgrades.

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
Building Permitting, Land Use Planning
Fire & Rescue Services
Police Services
Economic Development
Emergency Management
Tax Collection
Business & Marriage Licencing
Maintaining Local Roads/Bridges
Solid Waste Collection, Recycling & Compost
Water Distribution & Wastewater Elimination
Stormwater Management & Drainage
Public Transit


City of Sarnia

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


County of Lambton

Elementary Education
Secondary Education
Lambton Kent District School Board
St. Clair Catholic District School Board
Counseil Scholaire Viamonde
Counseil Scholaire Catholiques Providence


School Boards

PROPOSED 2023 BUDGETS – EXPENDITURES

Here 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 water and sewer charges; investment income and dividends; and grant funding make up the difference to determine what is required in property tax to create a balanced budget.

$$\begin{array}{r} \text{Projected Expenditures} \\ - \text{Projected Non-Tax Revenues} \\ \hline = \text{Property Taxes Required} \end{array}$$

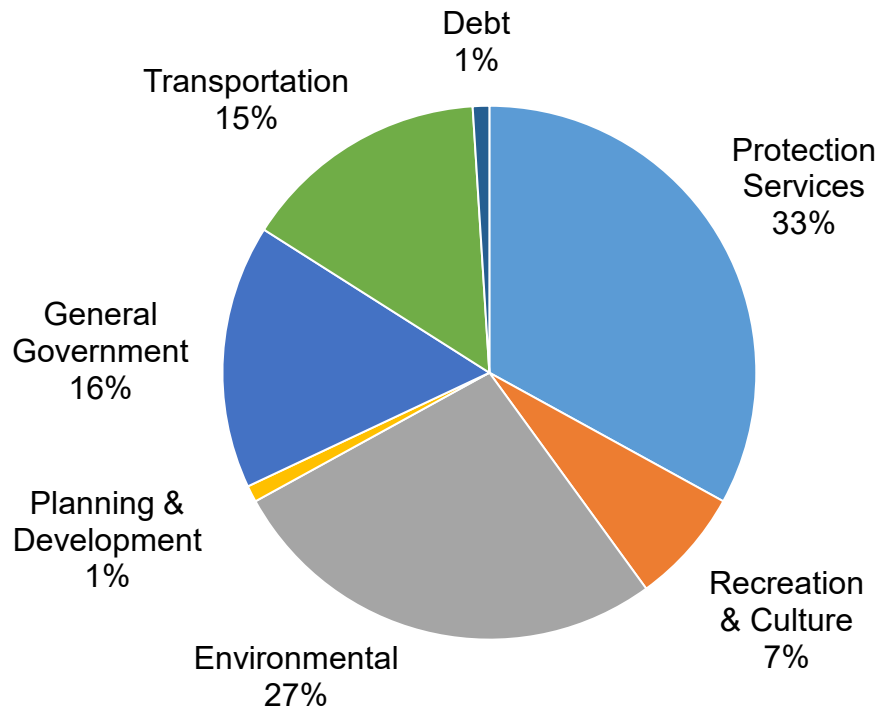
Funds Category	2022 Approved Expenditures	2023 Draft Expenditures	\$ Change	% Change
General Operating	85,085,351	89,431,284	4,345,933	5.11%
Police Services	29,961,026	31,596,524	1,635,498	5.46%
Transit Area	7,125,417	7,727,914	602,497	8.46%
Water	18,412,377	19,185,577	773,200	4.20%
Sewer	21,794,470	23,849,257	2,054,787	9.43%
Total Expenditures	162,378,641	171,790,556	9,411,915	5.80%

2023 DRAFT EXPENDITURES

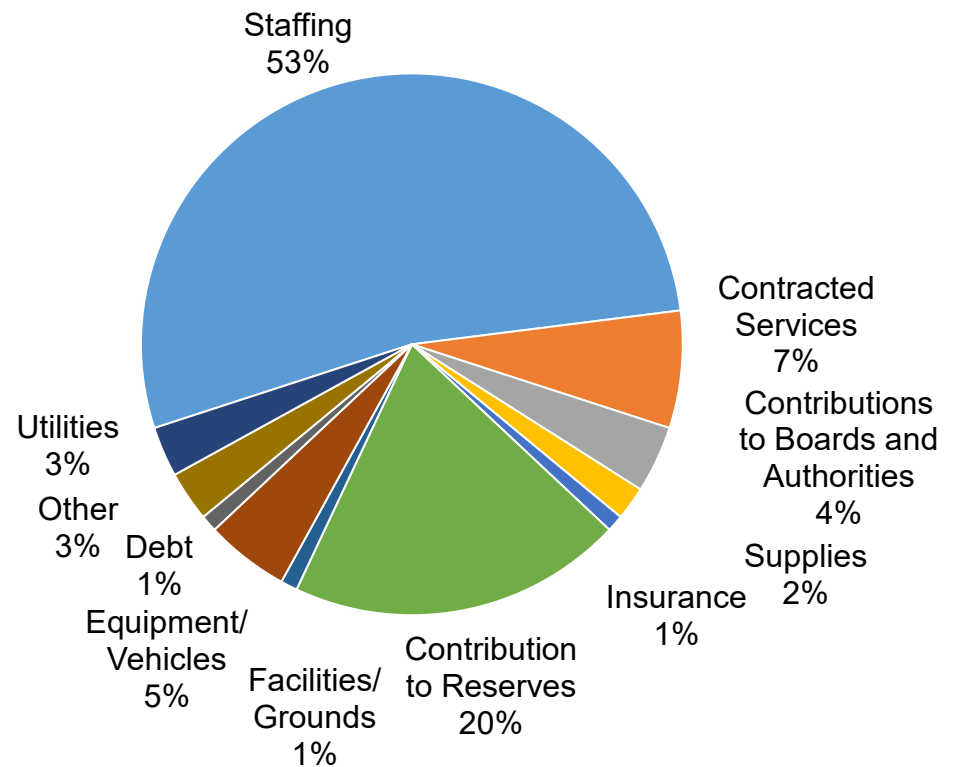
Every time your street is plowed, your garbage/recycling is collected, or you visit a park or arena, you are witnessing your municipal tax dollars at work. Budget decisions set the funding for the infrastructure, programs, services, and facilities we depend on.

Below you can see how we break down the City's expenditure dollars in two different ways to help explain how this money is spent.

BY SERVICE AREA



BY EXPENDITURE CATEGORY



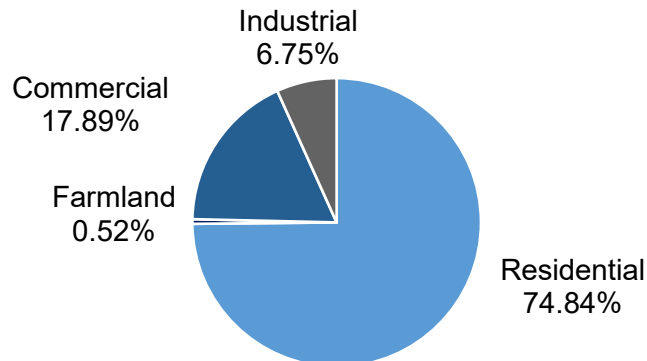
TOTAL AMOUNT TO BE COLLECTED THROUGH TAXATION AND RATES

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.

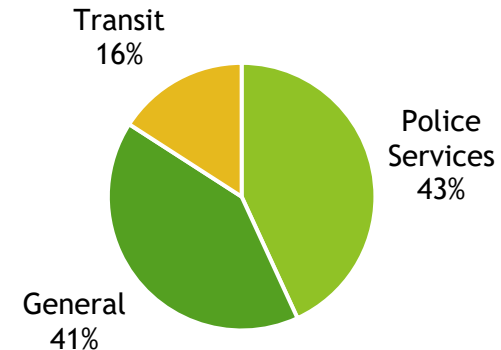
TAXATION	2022 Approved Budget	2023 Draft Budget	\$ Change	% Change
General Operating	52,190,352	53,743,290	1,552,938	2.98%
Police Services	27,258,305	28,893,803	1,635,498	6.00%
General Taxation	\$79,448,657	\$82,637,093	\$3,188,436	4.01%
Transit Area	4,469,104	5,071,602	602,498	13.48%
Total Taxation	\$83,917,761	\$87,708,695	\$3,790,934	4.52%
Taxation Growth Impact	525,000	525,000	-	0.00%
Total Taxation Revenue	\$84,442,761	\$88,233,695	\$3,790,934	4.49%

RATES	2022 Approved Budget	2023 Draft Budget	\$ Change	% Change
Water	17,907,336	18,955,324	1,047,988	5.85%
Sewer	21,401,470	23,356,257	1,954,787	9.13%
Total Rates	\$39,308,806	\$42,311,581	\$3,002,775	7.64%

CURRENT CITY PROPERTY TAX REVENUES BY PROPERTY TYPE



PROPOSED PROPERTY TAX INCREASE BY SERVICE TYPE



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	2022 City Tax	Increase (General Tax)	Increase (Transit Tax)	2023 Estimated City Tax
Residence valued at \$100K		\$948	\$35	\$8	\$991
Single Family Detached	\$219,737	\$1,832	\$78	\$17	\$1,926
Link Home	\$183,515	\$1,595	\$65	\$14	\$1,674
Freehold Rowhouse	\$167,017	\$934	\$59	\$13	\$1,005
Semi-Detached	\$137,008	\$1,190	\$48	\$10	\$1,248
Single Family (Lakefront)	\$986,292	\$8,231	\$348	\$75	\$8,654
Condominium	\$148,778	\$1,161	\$53	\$11	\$1,225
Proposed Increase - CITY PORTION ONLY					4.52%

Based on 2021 City of Sarnia Average Values

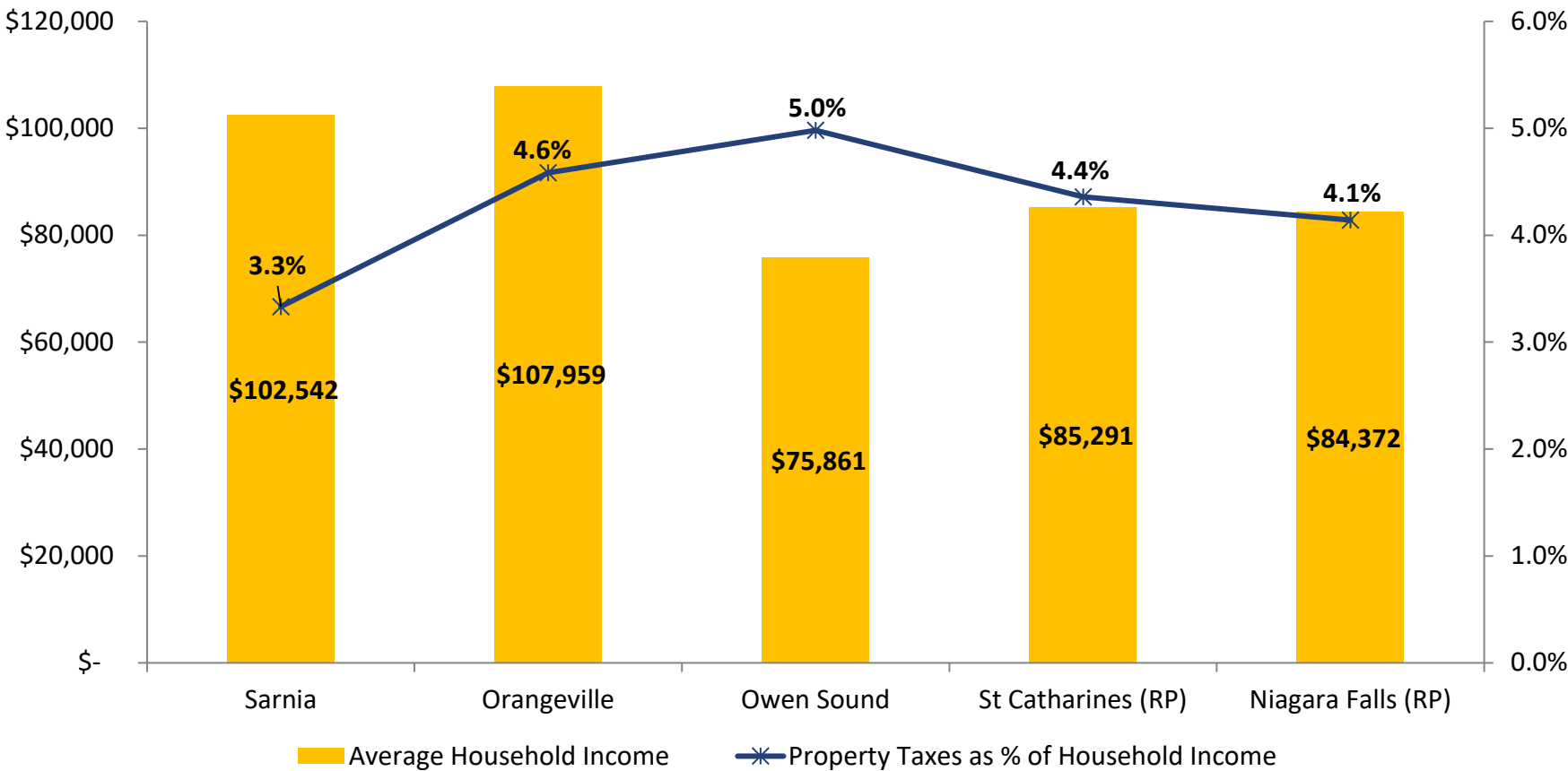
PROPERTY TAX COMPARISON WITH SIMILAR MUNICIPALITIES

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.

Please note that St Catharines and Niagara Falls both have Regional Police (RP) Services.

Property Taxes As % Of Household Income

(Source: 2021 BMA Municipal Study)



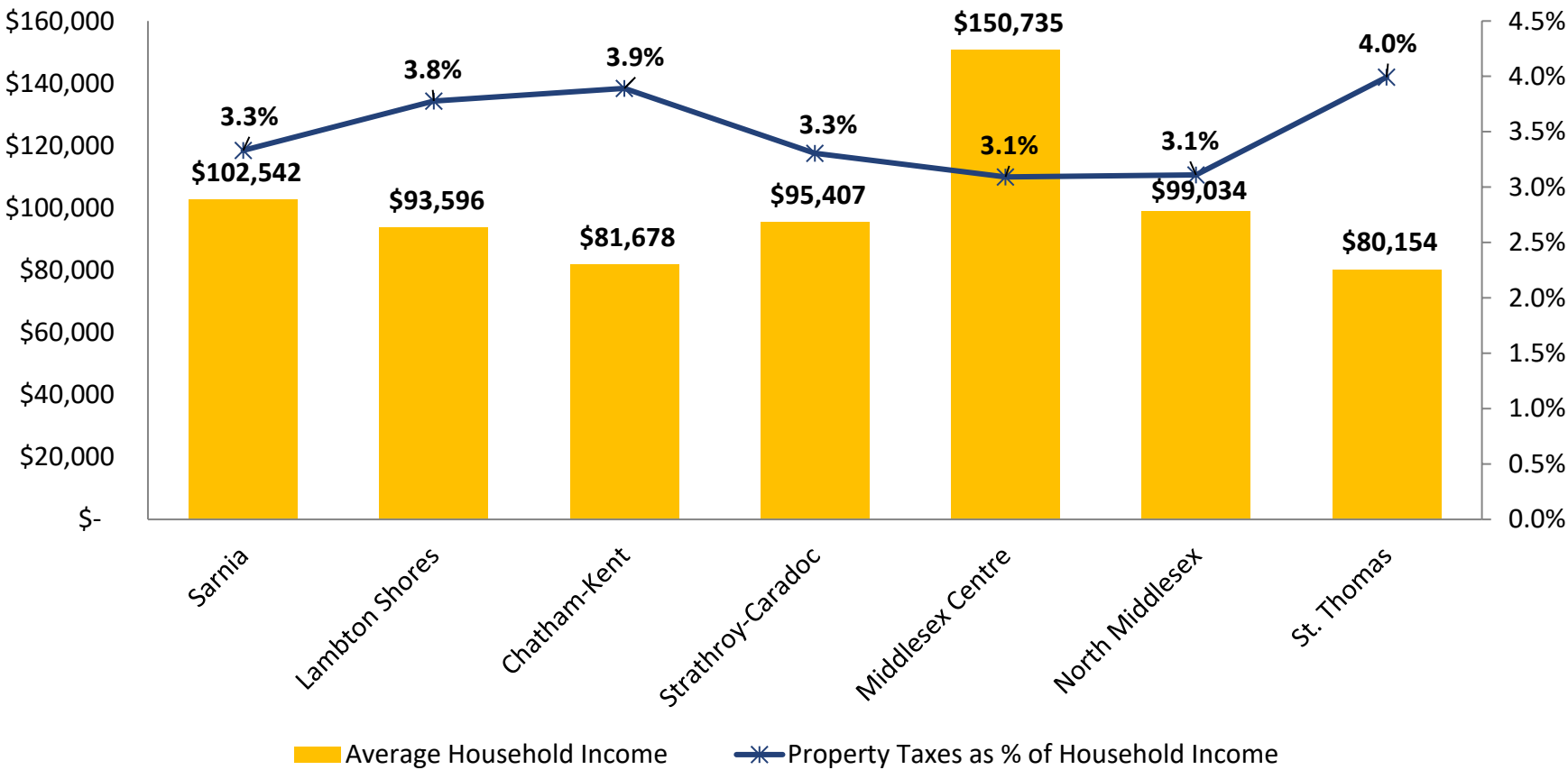
PROPERTY TAX COMPARISON WITH NEIGHBOURING MUNICIPALITIES

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.

It is important to note that not all these municipalities offer the same bundle of services.

Property Taxes As % Of Household Income

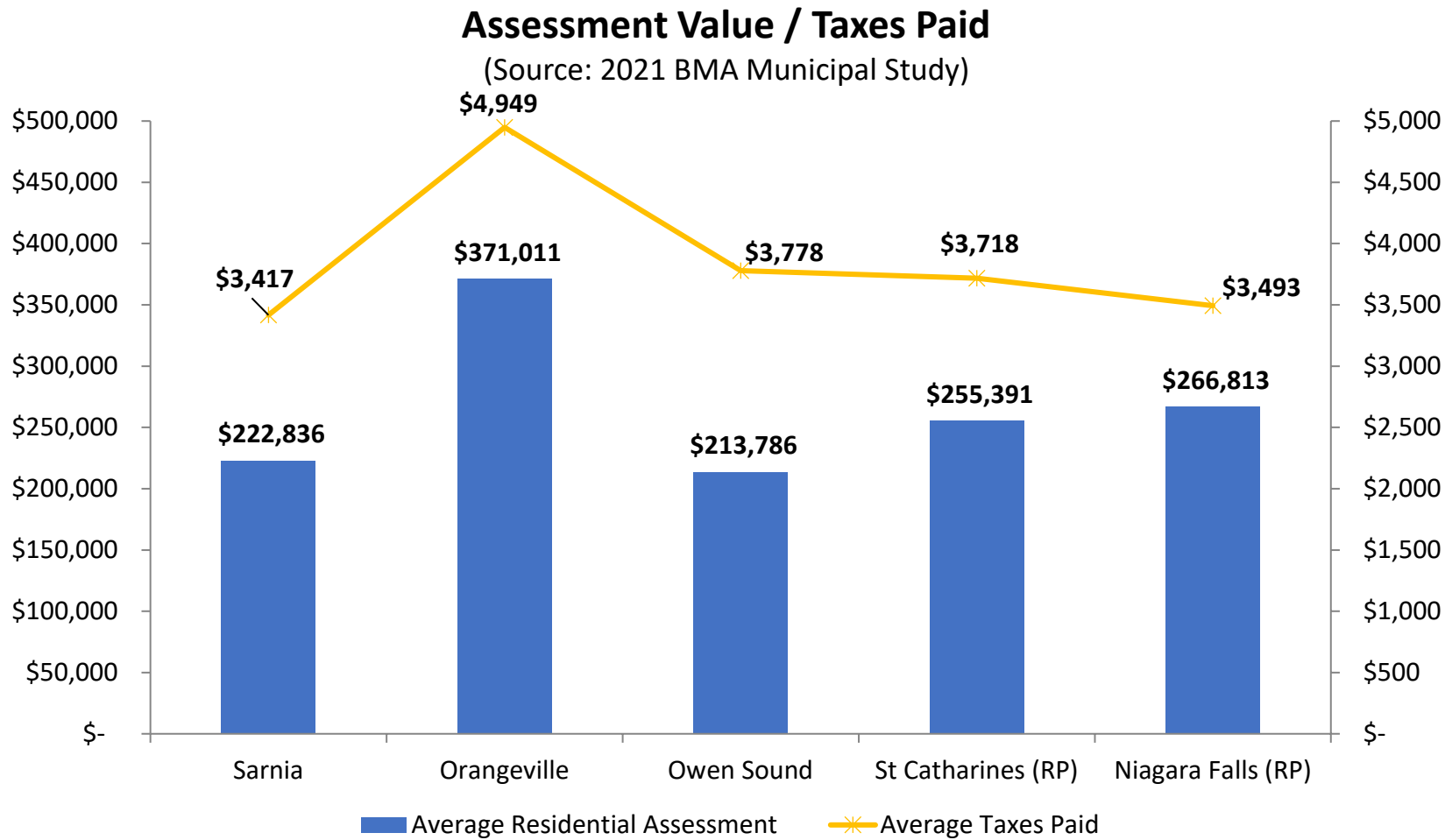
(Source: 2021 BMA Municipal Study)



HOW DO CITY OF SARNIA TAXES COMPARE WITH SIMILAR 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.

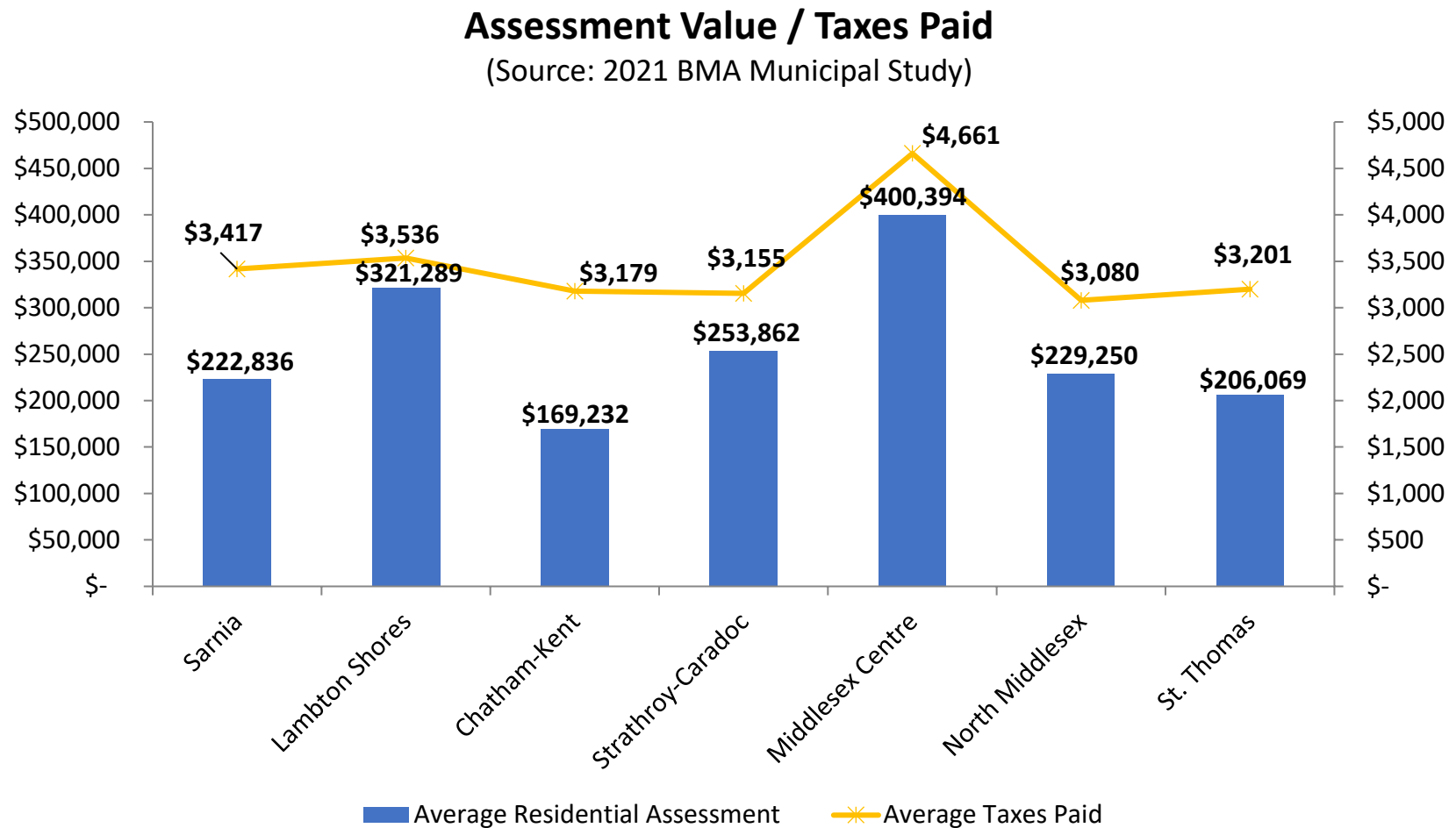
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It is important to note that not all these municipalities offer the same bundle of services.



KEY CAUSES OF THE PROPOSED PROPERTY TAX/RATE INCREASE

The chart below shows the key areas of increased spending or reduced revenue anticipated for 2023.

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

Changes under Management's control		
Incremental FTE Additions & 1 FTE Transfer to Sewer	65,865	0.08%
Increase to arena maintenance budgets	134,262	0.17%
Increase to other facility maintenance budgets	69,700	0.09%
Subtotal	269,827	0.34%
Variances outside of Management's control		
Union Salary & Wage Increases, benefit increase	821,380	1.03%
Non-Union Salary & Wage Increases, benefit increase	185,482	0.23%
Positions Transferred from Union to Non-Union	45,316	0.06%
Governance - Council CPI Increase	23,500	0.03%
Position Transfer Adjustment (Police to HR)	130,000	0.16%
Increase in OMERS – non-full-time plan change	98,674	0.12%
Contractual Increases - garbage and compost collection	145,000	0.18%
Insurance Increase	110,087	0.14%
Election budget - reduction in budget back to non-election year	(116,654)	-0.15%
Increased contract costs for crossing guards and snow removal	53,000	0.07%
Subtotal excluding Police Services budget	1,495,785	1.88%
Police Services budget	1,635,498	2.06%
Impacts of prior decisions		
Reversal of one-time operating support for 2022 budget	2,939,949	3.70%
Reversal of 2022 one-time reduction in contribution to capital infrastructure reserve	1,000,000	1.26%
Reversal of 2022 one time reduction in contribution to tax stabilization reserve	600,000	0.76%
Reversal of 2022 one time reduction in contribution to operating contingency reserve	250,000	0.31%
Reversal of contribution from reserves to offset fleet increases	295,899	0.37%
Software license costs, Wi-Fi & cloud services	455,248	0.57%
Reinstate 50% of the reduction of the contribution to the municipal drain reserve	50,000	0.06%
1 FTE Approved - Engineering Design - July 25, 2022 Council Meeting	91,906	0.12%
Reduction in recycling contract costs due to transfer of program to operators	(450,000)	-0.57%
Transfer net recycling program change savings to reserves for organic waste program	450,000	0.57%
Subtotal	5,683,002	7.15%
All other items combined	11,743	0.01%
General Taxation Subtotal Before Mitigation	9,095,855	11.45%

Mitigation Measures		
Operating/Police		
Transfer from Operating Contingency Reserve (prior year surplus)	(2,939,949)	-3.70%
One-time reduction in contribution to WSIB reserve	(1,450,000)	-1.83%
One-time deferral in contribution to Capital Infrastructure reserve (to be transferred back from 2022 surplus in 2023)	(1,517,469)	-1.91%
Subtotal	(5,907,418)	-7.44%
(Surplus)/Deficit - 01 Operating Fund / 05 Police Fund	\$3,188,436	4.01%

Transit		
Collective agreement salary and wage increases, benefit increases	115,045	2.57%
Gasoline	125,000	2.80%
Insurance	202,359	4.53%
Bus Maintenance	55,000	1.23%
Other Changes	53,868	1.21%
(Surplus)/Deficit - 06 Transit Fund	\$602,498	13.48%

Water & Sewer		
Contribution to reserves	1,000,000	2.54%
LAWSS - City's share of LAWSS Administration, Operating and Capital budgets	545,204	1.39%
Salary, wage, and benefit increases	248,312	0.63%
Transfer of 1 FTE from General Levy	184,164	0.47%
Incremental FTE addition	126,984	0.32%
Allocated administration (formula driven)	250,229	0.64%
Flood Mitigation Program	200,000	0.51%
Unfunded Lead Reduction Program	221,182	0.56%
Insurance	107,866	0.27%
Other Changes	10,318	0.03%
(Surplus)/Deficit - Water & Sewer Fund	\$3,002,775	7.64%

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 2023. 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	2022 Total Tax Bill	Draft Increase City	Estimated Increase County and School Boards	2023 Estimated Total Tax Bill
Residence valued at \$100K	\$1,556	\$43	\$9	\$1,608
Single Family Detached	\$3,008	\$94	\$20	\$3,122
Link Home	\$2,619	\$79	\$17	\$2,714
Freehold Rowhouse	\$1,533	\$72	\$15	\$1,620
Semi-Detached	\$1,953	\$59	\$12	\$2,025
Single Family (Lakefront)	\$13,514	\$423	\$90	\$14,026
Condominium	\$1,907	\$64	\$14	\$1,984
Estimated Increase on Total Property Tax Bill				3.38%*

County and Education changes will not be known until Spring 2023, 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.

 Single Family Home Assessed at \$219,737 \$3,122 ↑\$114 over 2022	 Link Home Assessed at \$183,515 \$2,714 ↑\$95 over 2022	 Semi-Detached Assessed at \$137,008 \$2,025 ↑\$71 over 2022	 Single Family Lakefront Assessed at \$986,292 \$14,026 ↑\$513 over 2022	 Condominium Assessed at \$148,778 \$1,984 ↑\$77 over 2022
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* updated November 9, 2022

ASSET MANAGEMENT - CAPITAL BUDGET

Our Core Asset Management Plan 2022 is used to optimize our assets and help prioritize infrastructure needs. This is evolving into an ongoing asset management program to meet the requirements of Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure. Asset management planning will move beyond just core assets (water, wastewater, stormwater, roads, and bridges and culverts) and must include all municipal assets by 2024.

The City's revenues are not sufficient to meet the outstanding infrastructure needs or address the infrastructure backlog. The backlog of core infrastructure alone is estimated to be \$381 million (2022 Core Asset Management Plan). The current prioritization for infrastructure rehabilitation and replacement focuses on urgency, available resources, readiness to proceed, and affordability.

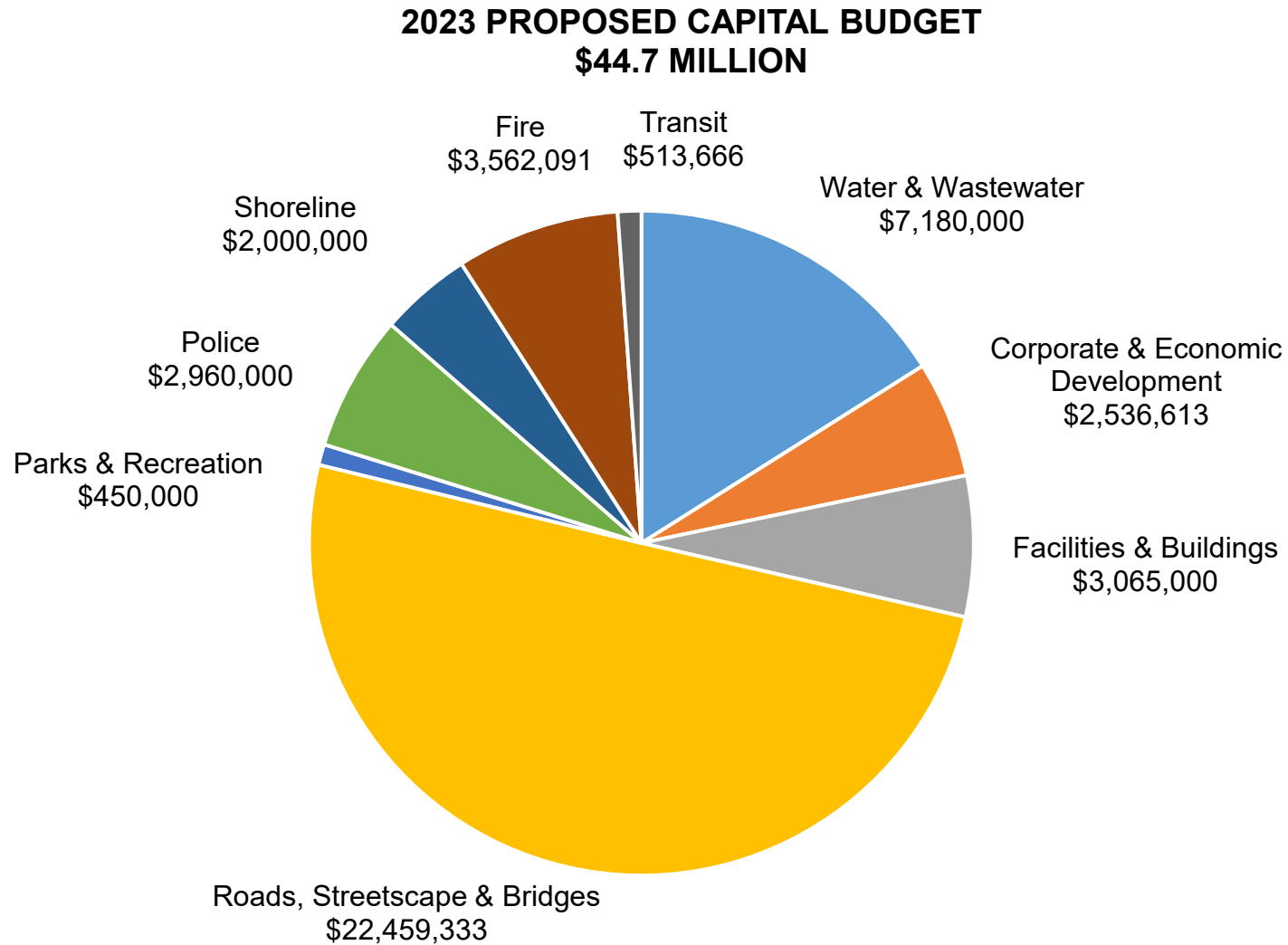
To address issues identified through the Asset Management Program, as well as to promote a culture of pro-active lifecycle management, Council, as part of the 2020 Budget, approved the inclusion of a two percent increase to the general levy for three fiscal years commencing in 2020. The funding in the 2021, 2022, and 2023 Operating budget did not include a two percent increase due to the pandemic. This is still a significant achievement and is necessary given the continued capital needs.

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 27 percent to 60 percent 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.



2023 DRAFT CAPITAL BUDGET

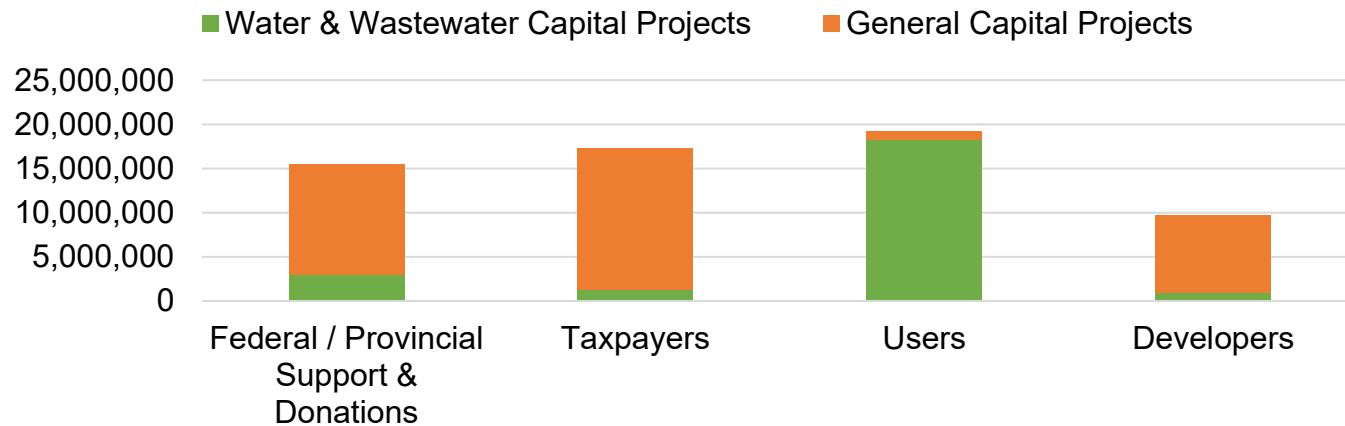
The pie chart below illustrates the recommended capital spending by infrastructure category. A listing of recommended projects is included in Appendix 2.



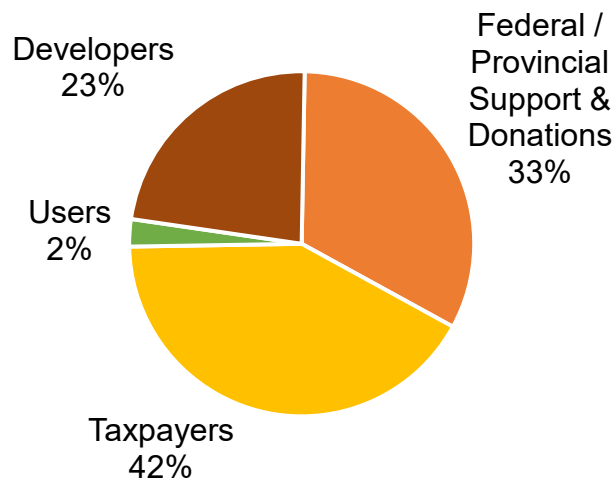
2023 DRAFT CAPITAL BUDGET

The bar graph and pie charts below illustrate where the money comes from.

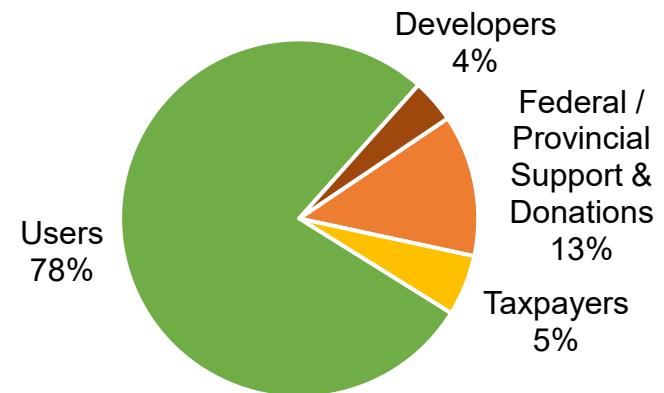
Where the \$ Comes From (Funding Sources)



General Capital Projects



Water & Wastewater Capital Projects



2023 DRAFT STAFF SUMMARY

A large part of how the City provides services and manages its assets is through the work of its staff. Staff costs include wages and benefits. City staff are represented by the following unions and associations: CUPE 3690, CUPE 2713, CUPE 153, Unifor 914, Sarnia Professional Firefighters Association, and Sarnia Police Association.

Expressed in Full Time Equivalents (FTE)	Draft 2023 Full Time	Draft 2023 Part Time	Draft 2023 Student	Full Time Draft Changes	Part Time Draft Changes	Student Draft Changes
Administration	7.00	0.18		1.00	0.18	- 0.33
Corporate Services	47.00	1.60	2.74		1.10	
Community Services						
<i>Administration</i>	3.60			1.60		
<i>Parks</i>	21.00	11.87	9.99	1.00	- 0.33	0.33
<i>Recreation</i>	5.00	0.78	8.38			
<i>Facilities</i>	26.00	2.40	0.66	- 2.00		
<i>Planning & Development</i>	21.40	2.10	1.00	- 1.60	1.10	
Engineering & Operations						
<i>Engineering</i>	20.85	2.00	1.00	0.85		
<i>Public Works</i>	75.50	3.66	5.68	- 1.50	0.66	- 0.66
<i>Environmental Services</i>	25.00		1.66	3.00		
<i>Transit</i>	54.65	4.25	1.33	- 0.35		
Fire	129.00			1.00	- 0.80	
Total without Police	436.00	28.84	32.44	3.00	1.91	- 0.66
Police	161.00	9.93				
Total with Police	597.00	38.77	32.44	3.00	1.91	- 0.66

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

Note: Due to anticipated statutory leaves and attrition, it is anticipated there will be additional staffing needs.

APPENDICIES

- | | | |
|----|--------------------------------|-------------|
| 1. | 2023 Draft Operating Budget | Pages 28-29 |
| 2. | 2023 Proposed Capital Budgets | Pages 30-31 |
| 3. | Reserves and Reserve Funds | Page 32 |
| 4. | Proposed Water and Sewer Rates | Page 33 |

APPENDIX 1: 2023 DRAFT OPERATING BUDGET SUMMARY

Budget Area	2022 Approved Revenues	2022 Approved Expenses	2022 Net Expenses/ (Revenue)	2023 Draft Revenues	2023 Draft Expenses	2023 Net Expenses/ (Revenue)	2023 Draft Change
General							
Taxation	(81,318,797)	633,981	(80,684,816)	(84,542,527)	1,201,516	(83,341,011)	(2,656,195)
Non-Departmental Revenue	(8,482,873)	1,159,513	(7,323,360)	(10,774,427)	3,451,067	(7,323,360)	-
Council & Administration							
Mayor & Council	-	393,763	393,763	-	423,350	423,350	29,587
CAO	-	300,293	300,293	-	334,066	334,066	33,773
Economic Development	-	490,636	490,636	(30,000)	525,097	495,097	4,461
City Clerk	(696,021)	1,147,007	450,986	(355,845)	837,348	481,503	30,517
Harbours	(1,271,413)	1,098,213	(173,200)	(1,097,010)	913,810	(183,200)	(10,000)
Corporate Services							
Corporate Services Admin	-	346,974	346,974	-	319,702	319,702	(27,272)
Human Resources	(142,870)	947,787	804,917	(318,200)	1,056,881	738,681	(66,236)
Finance	(704,445)	2,174,746	1,470,301	(696,745)	2,161,740	1,464,995	(5,306)
Information Technology	(493,000)	2,271,272	1,778,272	(526,900)	2,881,179	2,354,279	576,007
Customer Service	-	705,776	705,776	-	743,792	743,792	38,016
Emergency Management	-	399,140	399,140	-	358,092	358,092	(41,048)
Legal	(58,200)	560,325	502,125	(38,200)	647,016	608,816	106,691
Communications	-	108,340	108,340	-	141,280	141,280	32,940
Fire Services							
Fire	(164,235)	21,601,000	21,436,765	(168,555)	22,103,818	21,935,263	498,498
Engineering & Operations							
Engineering	(3,230,736)	5,675,311	2,444,575	(2,777,761)	6,120,977	3,343,216	898,641
Public Works	(5,215,090)	9,923,389	4,708,299	(5,200,604)	9,902,685	4,702,081	(6,218)
Waste Management	(1,127,591)	4,373,856	3,246,265	(824,725)	4,193,189	3,368,464	122,199
Specialized Transit	(239,199)	1,147,401	908,202	(239,199)	1,170,667	931,468	23,266
Community Services							
Community Services Admin	-	124,081	124,081	-	454,450	454,450	330,369
Parks & Sports Fields	(559,725)	5,150,398	4,590,673	(395,350)	5,278,135	4,882,785	292,112

Budget Area	2022 Approved Revenues	2022 Approved Expenses	2022 Net Expenses/ (Revenue)	2023 Draft Revenues	2023 Draft Expenses	2023 Net Expenses/ (Revenue)	2023 Draft Change
Recreation Programs	(500,304)	1,090,047	589,743	(466,304)	1,126,888	660,584	70,841
Committees of Council	(45,000)	124,505	79,505	(45,000)	124,505	79,505	-
Facilities - Arenas & Pools	(2,492,085)	4,029,739	1,537,654	(2,682,585)	4,312,844	1,630,259	92,605
Facilities - Other & Libraries	(32,500)	1,063,012	1,030,512	(122,500)	1,136,075	1,013,575	(16,937)
Planning	(1,168,891)	1,031,641	(137,250)	(1,158,697)	1,035,135	(123,562)	13,688
Building	(788,682)	788,682	-	(850,004)	850,005	1	1
By-Law Enforcement	(672,050)	1,340,395	668,345	(624,000)	1,303,304	679,304	10,959
Debt & Unclassified							
Debt	-	1,016,132	1,016,132	-	943,553	943,553	(72,579)
Boards, Commissions	-	546,103	546,103	-	572,837	572,837	26,734
Other	(2,939,949)	13,321,893	10,381,944	(4,389,949)	12,806,281	8,416,332	(1,965,612)
Police Services							
Police Services	(2,702,721)	29,961,026	27,258,305	(2,702,721)	31,596,524	28,893,803	1,635,498
Total General Operating	(115,046,377)	115,046,377	-	(121,027,808)	121,027,808	-	-
Transit							
Taxation	(4,494,104)	231,083	(4,263,021)	(5,096,602)	231,083	(4,865,519)	(602,498)
Operations	(2,631,313)	6,894,334	4,263,021	(2,631,313)	7,496,832	4,865,519	602,498
Total Transit	(7,125,417)	7,125,417	-	(7,727,915)	7,727,915	-	-
Water & Sewer							
Water Administration	(17,997,590)	6,959,510	(11,038,080)	(19,045,578)	7,636,945	(11,408,633)	(370,553)
Water Distribution & Lead Reduction	(414,787)	11,452,867	11,038,080	(140,000)	11,548,633	11,408,633	370,553
Sewer Administration	(20,510,583)	2,589,954	(17,920,629)	(22,451,913)	3,186,681	(19,265,232)	(1,344,603)
Sanitary Sewers	-	11,405,555	11,405,555	-	12,282,750	12,282,750	877,195
Environmental Services Group	-	1,992,306	1,992,306	-	2,175,385	2,175,385	183,079
Sewage Treatment	(350,000)	4,872,768	4,522,768	(450,000)	5,257,097	4,807,097	284,329
Storm Sewer Maintenance	(933,887)	933,887	-	(947,344)	947,344	-	-
Total Water & Sewer	(40,206,847)	40,206,847	-	(43,034,835)	43,034,835	-	-

APPENDIX 2: 2023 PROPOSED CAPITAL PROJECTS

Page number refers to the corresponding Capital Project Request sheet in the Draft 2023 Capital & Reserves Budget book.

Division	Department	Project Name	2023
Community Services	Facilities	Progressive Auto Sales Arena Improvements, pg. 6	(1,595,000)
		Sarnia Library Improvements, pg. 7	(250,000)
		Engineering Facilities, pg. 8	(370,000)
		Pat Stapleton Arena (formerly Sarnia Arena), pg. 9	(100,000)
	Parks and Recreation	Tecumseh Park/Cox Youth Centre Improvements, pg. 10	(550,000)
		Harry Turnbull Park, pg. 11	(150,000)
		Playground Equipment, pg. 12	(300,000)
		Strangway Community Centre, pg. 13	(200,000)
Community Services Total			(3,515,000)
Corporate Services	Information Technology	IT Hardware Asset Replacements, pg. 14	(264,000)
Corporate Services Total			(264,000)
Engineering & Operations	Engineering	Active Transportation Projects, pg. 15	(335,000)
		Bridges & Culverts, pg. 16	(950,000)
		Oversized Load Corridor, pg. 17	(2,272,613)
		Rapids Parkway Road Extension, pg. 18	(3,100,000)
		Road Rehabilitation, pg. 19	(3,500,000)
		Shoreline Protection, pg. 20	(2,000,000)
		Traffic Signals, pg. 21	(150,000)
		Transportation Master Plan & Streetscape Improvements, pg. 22	(200,000)
		Traffic Signals & Accessibility Improvements, pg. 23	(165,000)
		AFT - Active Transportation, pg. 24	(750,000)
	Operation Services	Former Michigan Avenue Landfill Remediation, pg. 25	(350,000)
		Public Works	Public Works Facilities Improvements, pg. 26
Engineering & Operations Total			(14,522,613)
Fire Services	Fire Services	Bunker Gear Replacement, pg. 27	(144,326)
		Fire Station 3 - Demolition, Design, Construction, pg. 28	(3,167,765)
		Fire Station 1 - Emergency Generator, pg. 29	(250,000)
Fire Services Total			(3,562,091)

Division	Department	Project Name	2023
Engineering & Operations	Transit	Bus Stop Improvements, pg. 30	(213,666)
		Maintenance Equipment Upgrades/Replacements, pg. 31	(300,000)
Engineering & Operations Total			(513,666)
Engineering & Operations	Engineering	Combined Sewer Separation, pg. 32	(7,816,000)
		Plank Road Reconstruction, pg. 33	(2,083,334)
		Watermain Replacements, pg. 34	(3,210,000)
		Blackwell Glen Pathway Rehabilitation, pg. 35	(200,000)
		Flood Mitigation, pg. 36	(1,000,000)
	Operation Services	Bright’s Grove Sewage Treatment Facility, pg. 37	(200,000)
		Wastewater Pollution Control Centre - Biosolids Processing Upgrades, pg. 38	(1,000,000)
		Wastewater Pollution Control Centre - Blower Upgrade, pg. 39	(500,000)
		WPCC St. Andrews Street - Administration Building Improvements, pg. 40	(350,000)
		Wastewater Pump-Lift Station Improvements, pg. 41	(500,000)
		Wastewater Pollution Control Centre - Ventilation Upgrades, pg. 42	(350,000)
		Wastewater Pollution Control Centre - Internal Road Paving, pg. 43	(600,000)
	Public Works	Lead Reduction, pg. 44	(580,000)
		Sarnia Sewer Upgrade Project, pg. 45	(1,000,000)
Engineering & Operations Total			(19,389,334)
Police Services	Police Services	911 Communication	(360,000)
		Building Improvements	(600,000)
		Equipment	(2,000,000)
Police Services Total			(2,960,000)
Total Proposed Capital Projects			(44,726,703)

Unfunded

Division	Department	Project Name	2023
City Administration	Economic Development	Competitive Market Analysis – Business Parks, pg. 46	(600,000)
		Waterfront Master Plan, pg. 47	(947,400)
Police Services	Police Services	TBD	
Total Unfunded Capital Projects			(1,547,400)

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	2023
Opening Balances	Opening Balance	41,425,387
Opening Balances Total		41,425,387
Reserve Inflows	Retired Debt	7,862,510
	Senior Government Grants	13,804,955
	Reserve Transfer	1,609,199
	Interest	14,000
	Developer Levies	1,720,000
	Other Revenue	311,798
	Operating Transfer	27,373,400
	Operating Transfer - Fleet Contribution	4,085,508
Reserve Inflows Total		56,781,370
Reserve Outflows	Equipment/Fleet Replacement	(2,215,000)
	Capital Projects	(44,726,703)
	Reserve Transfer	(1,609,199)
	Direct from Reserve Expense	(7,906,866)
	Operating Transfer	(7,898,650)
Reserve Outflows Total		(64,356,418)
Ending Balance		33,850,339

APPENDIX 4: PROPOSED WATER AND SEWER RATES

2023 Proposed Metered Rates			
Size of Meter	Water Distribution Charge (\$/month)	Water Consumption Charge (\$/m3)	Sewer Surcharge (%) *
5/8"	\$29.35	\$0.69	129.50%
3/4"	\$40.39	\$0.69	129.50%
1"	\$108.39	\$0.69	129.50%
1 1/2"	\$216.78	\$0.69	129.50%
2"	\$400.59	\$0.69	129.50%
3"	\$770.95	\$0.69	129.50%
4"	\$1,204.66	\$0.69	129.50%
6"	\$2,504.13	\$0.69	129.50%
8"	\$4,817.81	\$0.69	129.50%
10"	\$7,980.84	\$0.69	129.50%

* 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)	\$29.35	\$40.39
Water Consumption (\$/m3)	\$11.56	\$11.56
Distribution + Consumption	\$40.92	\$51.95
Sewer Surcharge (\$/month)	\$52.99	\$67.27
Average Cost (\$/month)	\$93.90	\$119.22
Average Cost (\$/year)	\$1,126.84	\$1,430.61



Sarnia
O N T A R I O

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