

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

Socio-Economic Factors	Total Survey		
	Sarnia	Average	Southwest
2022 Population Density per sq. km.	455	542	490
2016-2021 Population Increase %	0.6%	5.8%	2.8%
2021 Building Construction Value per Capita	\$ 1,760	\$ 4,662	\$ 4,694
2022 Estimated Average Household Income	\$ 103,263	\$ 110,000	\$ 99,586
2022 Weighted Median Value of Dwelling	\$ 222,836	\$ 367,518	\$ 258,560
2022 Unweighted Assessment per Capita	\$ 105,141	\$ 169,887	\$ 142,532
2022 Weighted Assessment per Capita	\$ 119,736	\$ 171,093	\$ 129,727

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.

2021 Sustainability Indicators	Sarnia	Total Survey Average
Financial Position per Capita	\$ 1,498	\$ 923
Tax Asset Consumption Ratio	43.1%	44.3%
Net Financial Liabilities Ratio	(0.8)	(0.7)

Vulnerability

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

2021 Vulnerability Indicators	Sarnia	Total Survey Average
Reserves		
Tax Reserves (less WWW) as % of Taxation	67.2%	93.9%
Tax Reserves as % of Own Source Revenues	55.1%	72.5%
Tax Reserves / Capita	\$ 756	\$ 978
Debt		
Total Debt Charges (less WWW) as % of Own Source Revenue	0.9%	3.8%
Total Debt Outstanding / Capita	\$ 49	\$ 672
Total Debt Outstanding (less WWW) / Capita	\$ 49	\$ 475
Debt Outstanding per Own Source Revenue	2.6%	35.8%
Debt to Reserve Ratio	0.0	0.6

Flexibility

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

2021 Flexibility Indicators	Sarnia	Total Survey Average
Taxes Receivable as % of Taxes Levied	1.2%	5.2%
Rates Coverage Ratio	102.2%	90.7%

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 2022 municipal levy by-laws and the 2022 estimated populations.

2022	Sarnia	Total Survey		Southwest
		Average		
Net Municipal Levy per Capita	\$ 1,671	\$ 1,698	\$	1,582
Net Municipal Levy per \$100,000 Unweighted CVA	\$ 1,589	\$ 1,134	\$	1,246

User Fees

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

2022 Fees	Sarnia	Total Survey		Southwest
		Average		
Development Charges - Single Detached	\$ 16,320	\$ 47,484	\$	22,437
Residential Building Permit Fee	\$ 1,754	\$ 2,484	\$	2,404

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.

2022 Tax Ratios	Total Survey	
	Sarnia	Average
Multi-Residential	2.0000	1.7246
Commercial (Residual)	1.6271	1.6689
Industrial (Residual)	2.0476	2.1175

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

2022 Property Taxes	Total Survey			
	Sarnia	Average	Southwest	
Detached Bungalow	\$ 3,147	\$ 3,698	\$ 3,322	
2 Storey Home	\$ 5,077	\$ 4,885	\$ 4,573	
Senior Executive Home	\$ 5,614	\$ 6,816	\$ 6,311	
Walk Up Apartment (per Unit)	\$ 1,505	\$ 1,472	\$ 1,470	
Mid/High Rise (per Unit)	\$ 2,152	\$ 1,918	\$ 1,880	
Neigh. Shopping (per sq. ft.)	\$ 4.08	\$ 3.78	\$ 3.32	
Office Building (per sq. ft.)	\$ 2.33	\$ 3.11	\$ 2.73	
Hotels (per Suite)	\$ 1,020	\$ 1,636	\$ 1,322	
Motels (per Suite)	\$ 954	\$ 1,223	\$ 1,071	
Industrial Standard (per sq. ft.)	\$ 1.54	\$ 1.59	\$ 1.26	
Industrial Large (per sq. ft.)	N/A	\$ 1.11	\$ 0.82	
Industrial Vacant Land (per Acre)	\$ 1,834	\$ 4,689	\$ 1,637	

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.

2022 Water/Sewer Cost of Service	Sarnia	Total Survey Average		Southwest
Residential - 200 m ³	\$ 1,065	\$ 1,237	\$	1,277
Commercial - 10,000 m ³	\$ 22,872	\$ 40,904	\$	39,954
Industrial - 30,000 m ³	\$ 56,943	\$ 118,195	\$	106,986
Industrial - 100,000 m ³	\$ 152,819	\$ 384,234	\$	333,838
Industrial - 500,000 m ³	\$ 668,735	\$ 1,898,081	\$	1,617,048

2022 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.

2022 Affordability Indicators	Sarnia	Total Survey Average		Southwest
Property Taxes as a % of Household Income	3.4%	3.9%		3.7%
Water/Sewer + Taxes as a % of Household Income	4.4%	5.0%		5.0%

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.