

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	Sarnia	Total Survey Average	Southwest
2023 Population Density per sq. km.	457	557	495
2016-2021 Population Increase %	0.6%	5.8%	2.8%
2022 Building Construction Value per Capita	\$ 2,185	\$ 5,083	\$ 4,901
2023 Estimated Average Household Income	\$ 106,172	\$ 121,388	\$ 108,821
2023 Weighted Median Value of Dwelling	\$ 222,836	\$ 368,534	\$ 258,560
2023 Unweighted Assessment per Capita	\$ 105,386	\$ 171,895	\$ 144,336
2023 Weighted Assessment per Capita	\$ 119,995	\$ 172,983	\$ 131,885

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.

2022 Sustainability Indicators	Sarnia	Total Survey Average
Financial Position per Capita	\$ 1,632	\$ 1,024
Tax Asset Consumption Ratio	43.2%	45.2%
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.

2022 Vulnerability Indicators	Sarnia	Total Survey Average
Reserves		
Tax Reserves (less WWW) as % of Taxation	67.4%	99.7%
Tax Reserves as % of Own Source Revenues	54.1%	74.5%
Tax Reserves / Capita	\$ 773	\$ 1,081
Debt		
Total Debt Charges (less WWW) as % of Own Source Revenue	0.9%	3.8%
Total Debt Outstanding / Capita	\$ 37	\$ 720
Total Debt Outstanding (less WWW) / Capita	\$ 37	\$ 505
Debt Outstanding per Own Source Revenue	1.9%	37.0%
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.

2022 Flexibility Indicators	Sarnia	Total Survey Average
Taxes Receivable as % of Taxes Levied	2.2%	5.6%
Rates Coverage Ratio	102.4%	90.6%

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 2023 municipal levy by-laws and the 2023 estimated populations.

2023	Sarnia	Total Survey Average	Southwest
Net Municipal Levy per Capita	\$ 1,730	\$ 1,815	\$ 1,671
Net Municipal Levy per \$100,000 Unweighted CVA	\$ 1,641	\$ 1,198	\$ 1,301

User Fees

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

2023 Fees	Sarnia	Total Survey Average	Southwest
Development Charges - Single Detached	\$ 18,864	\$ 50,918	\$ 24,597
Residential Building Permit Fee	\$ 1,795	\$ 2,578	\$ 2,472

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.

2023 Tax Ratios	Total Survey	
	Sarnia	Average
Multi-Residential	2.0000	1.7097
Commercial (Residual)	1.6271	1.6636
Industrial (Residual)	2.0476	2.1193

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

2023 Property Taxes	Total Survey		
	Sarnia	Average	Southwest
Detached Bungalow	\$ 3,228	\$ 3,837	\$ 3,439
2 Storey Home	\$ 5,208	\$ 5,065	\$ 4,735
Senior Executive Home	\$ 5,758	\$ 7,097	\$ 6,531
Walk Up Apartment (per Unit)	\$ 1,545	\$ 1,519	\$ 1,500
Mid/High Rise (per Unit)	\$ 2,210	\$ 1,984	\$ 1,923
Neigh. Shopping (per sq. ft.)	\$ 4.16	\$ 3.89	\$ 3.41
Office Building (per sq. ft.)	\$ 2.38	\$ 3.21	\$ 2.81
Hotels (per Suite)	\$ 1,041	\$ 1,675	\$ 1,362
Motels (per Suite)	\$ 973	\$ 1,253	\$ 1,104
Industrial Standard (per sq. ft.)	\$ 1.57	\$ 1.65	\$ 1.29
Industrial Large (per sq. ft.)	N/A	\$ 1.15	\$ 0.84
Industrial Vacant Land (per Acre)	\$ 1,874	\$ 4,997	\$ 1,748

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.

2023 Water/Sewer Cost of Service	Total Survey		
	Sarnia	Average	Southwest
Residential - 200 m ³	\$ 1,127	\$ 1,302	\$ 1,318
Commercial - 10,000 m ³	\$ 26,953	\$ 43,144	\$ 41,757
Industrial - 30,000 m ³	\$ 68,993	\$ 125,034	\$ 112,797
Industrial - 100,000 m ³	\$ 192,380	\$ 406,473	\$ 352,595
Industrial - 500,000 m ³	\$ 864,984	\$ 2,009,674	\$ 1,707,896

2023 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.

2023 Affordability Indicators	Total Survey		
	Sarnia	Average	Southwest
Property Taxes as a % of Household Income	3.4%	3.6%	3.5%
Water/Sewer + Taxes as a % of Household Income	4.4%	4.8%	4.7%

Economic Development Programs

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