

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
2019 Population Density per sq. km.	449	542	381
2011-2016 Population Increase %	-1.1%	4.8%	3.7%
2018 Building Construction Value per Capita	\$ 1,256	\$ 3,009	\$ 3,255
2019 Estimated Average Household Income	\$ 98,536	\$ 105,849	\$ 104,306
2019 Weighted Median Value of Dwelling	\$ 216,034	\$ 355,592	\$ 306,338
2019 Unweighted Assessment per Capita	\$ 101,051	\$ 163,809	\$ 162,627
2019 Weighted Assessment per Capita	\$ 115,878	\$ 165,385	\$ 149,858

Financial Indicators

The Municipal Financial Indicators section of the report includes a number of measures such as the financial position, operating surplus, asset consumption 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.

2018 Sustainability Indicators	Sarnia	Total Survey Average
Financial Position per Capita	\$ 866	\$ 517
Tax Asset Consumption Ratio	42.7%	43.9%
Net Financial Liabilities Ratio	(0.5)	(0.4)

Vulnerability

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

2018 Vulnerability Indicators	Sarnia	Total Survey Average
Reserves		
Tax Reserves (less WWW) as % of Taxation	47.5%	76.8%
Tax Reserves as % of Own Source Revenues	37.5%	56.0%
Tax Reserves / Capita	\$ 491	\$ 758
Debt		
Tax Debt Charges as % of Own Source Revenues	2.7%	4.3%
Total Debt Outstanding / Capita	\$ 158	\$ 758
Tax Debt Outstanding / Capita	\$ 109	\$ 509
Debt Outstanding per Own Source Revenue	8.9%	41.5%
Debt to Reserve Ratio	0.2	0.9

Flexibility

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

2018 Flexibility Indicators	Sarnia	Total Survey Average
Taxes Receivable as % of Taxes Levied	2.3%	5.8%
Rates Coverage Ratio	101.2%	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 fee 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 2019 municipal levy by-laws and the 2019 estimated populations.

2019	Total Survey		
	Sarnia	Average	Southwest
Net Municipal Levy per Capita	\$ 1,560	\$ 1,592	\$ 1,547
Net Municipal Levy per \$100,000 Unweighted CVA	\$ 1,544	\$ 1,093	\$ 1,034

User Fees

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

2019 Fees	Total Survey		
	Sarnia	Average	Southwest
Development Charges - Single Detached	\$ 11,864	\$ 36,546	\$ 22,019
Residential Building Permit Fee	\$ 1,670	\$ 2,303	\$ 2,068

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.

2019 Tax Ratios	Total Survey	
	Sarnia	Average
Multi-Residential	2.0000	1.7801
Commercial (Residual)	1.6271	1.6785
Industrial (Residual)	2.0476	2.1931

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

2019 Property Taxes	Total Survey		
	Sarnia	Average	Southwest
Detached Bungalow	\$ 3,036	\$ 3,449	\$ 3,032
2 Storey Home	\$ 4,841	\$ 4,611	\$ 4,311
Senior Executive Home	\$ 5,346	\$ 6,418	\$ 6,075
Walk Up Apartment (per Unit)	\$ 1,446	\$ 1,403	\$ 1,320
Mid/High Rise (per Unit)	\$ 2,061	\$ 1,756	\$ 1,796
Neigh. Shopping (per sq. ft.)	\$ 4.25	\$ 3.72	\$ 3.41
Office Building (per sq. ft.)	\$ 2.47	\$ 3.13	\$ 3.01
Hotels (per Suite)	\$ 1,121	\$ 1,628	\$ 1,550
Motels (per Suite)	\$ 1,018	\$ 1,239	\$ 1,237
Industrial Standard (per sq. ft.)	\$ 1.66	\$ 1.69	\$ 1.41
Industrial Large (per sq. ft)	N/A	\$ 1.16	\$ 1.04
Industrial Vacant Land (per Acre)	\$ 1,940	\$ 4,097	\$ 2,334

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.

2019 Water/Sewer Cost of Service	Total Survey		
	Sarnia	Average	Southwest
Residential - 200 m ³	\$ 1,009	\$ 1,106	\$ 1,189
Commercial - 10,000 m ³	\$ 16,958	\$ 36,216	\$ 37,402
Industrial - 30,000 m ³	\$ 40,859	\$ 104,832	\$ 106,803
Industrial - 100,000 m ³	\$ 104,455	\$ 339,801	\$ 340,793
Industrial - 500,000 m ³	\$ 440,454	\$ 1,671,897	\$ 1,690,246

2019 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.

2019 Affordability Indicators	Total Survey		
	Sarnia	Average	Southwest
Property Taxes as a % of Household Income	3.3%	3.8%	3.5%
Water/Sewer + Taxes as a % of Household Income	4.4%	4.9%	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, downtown development, and brownfield redevelopment.