

# **2017 BMA Municipal Study Chatham-Kent**

**Presented to Chatham-Kent Council  
January 15, 2018**

## Review Highlights of 2017 Municipal Study

- Socio-Economic Indicators
  - Financial Indicators
  - Cost of Service and Affordability Indicators
- 102 Ontario municipalities participated in the 2017 municipal study
  - A comparison is made between Chatham-Kent and 9 other Ontario municipalities in this presentation. The other 9 municipalities were selected to form a relevant group based on geographic and socio-economic factors.



## Factors Affecting Financial Condition

### Socio-Economic Factors

- Population Change
- Population Density
- Demographic Composition
- Income

Community Profile

- Relative Taxes
- Taxes as a % of Incomes

Affordability

### Financial Factors

Revenues

- Revenues per capita per CVA
- Tax revenues
- % of Uncollected Taxes

Expenditures

- Tax Expenditures per capita and \$100,000 CVA
- Water/WW Costs
- Trends
- Surpluses

Debt/  
Reserves

- Reserves as % of Own Funds
- Debt Outstanding
- Debt to Reserves
- Financial Position

Financial Condition  
Assessment



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graph TD; CP[Community Profile] --> FCA[Financial Condition Assessment]; A[Affordability] --> FCA; R[Revenues] --> FCA; E[Expenditures] --> FCA; DR[Debt/Reserves] --> FCA; FCA --> R; FCA --> DR;
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The diagram illustrates the factors affecting the Financial Condition Assessment. A central dark blue box labeled 'Financial Condition Assessment' is the focal point. Five surrounding light blue boxes point towards it: 'Community Profile' (top left), 'Affordability' (bottom left), 'Revenues' (top right), 'Expenditures' (middle right), and 'Debt/Reserves' (bottom right). Additionally, arrows point from the central box to the 'Revenues' and 'Debt/Reserves' boxes, indicating a feedback loop. To the left of the 'Socio-Economic Factors' header, a list of factors is provided. To the right of each financial factor box, a list of specific metrics is provided.

## Population % Change 2011-2016

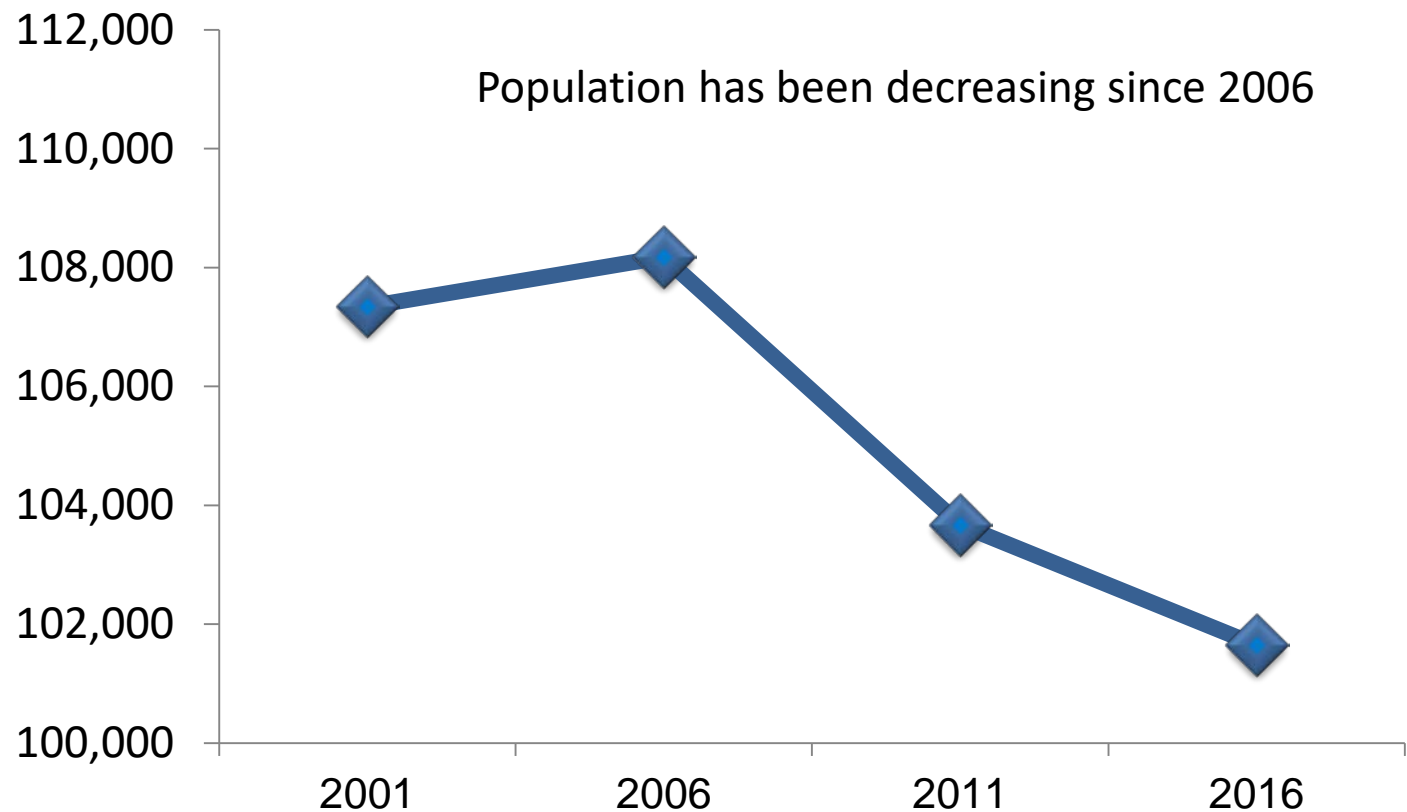
<b>Chatham-Kent</b>	<b>-2.0%</b>
Sarnia	-1.1%
Thunder Bay	-0.4%
Kingston	0.4%
St. Thomas	2.6%
Windsor	3.0%
<i>Group Average</i>	<i>3.5%</i>
London	4.8%
Whitby	5.2%
Kitchener	6.4%
Guelph	8.3%
<i>Survey Average</i>	<i>8.7%</i>

## Population

- Provide overview of internal and external factors that affect the community
- Describe and quantify a community's wealth and economic condition
- Provide insight into a community's collective ability to generate revenues related to service demand
- Chatham-Kent's population declined by 2.0% from 2011 to 2016
- Group Average increased by 3.5% and survey average increased by 8.7%

## Population

Changes in population directly impact both revenues (assessment base) and expenditures (service demands)



Source: Stats Canada

## Land Density

Municipality	Land Area (sq. km.)	Land Density
Sarnia	165	451
Thunder Bay	328	341
Kingston	415	310
St. Thomas	36	1,142
Windsor	146	1,552
London	420	959
Whitby	147	920
Kitchener	137	1,796
Guelph	87	1,597
<i>Group Average</i>	<i>209</i>	<i>1,008</i>
<i>Survey Average</i>	<i>426</i>	<i>551</i>
<b>Chatham-Kent</b>	<b>2,458</b>	<b>43</b>

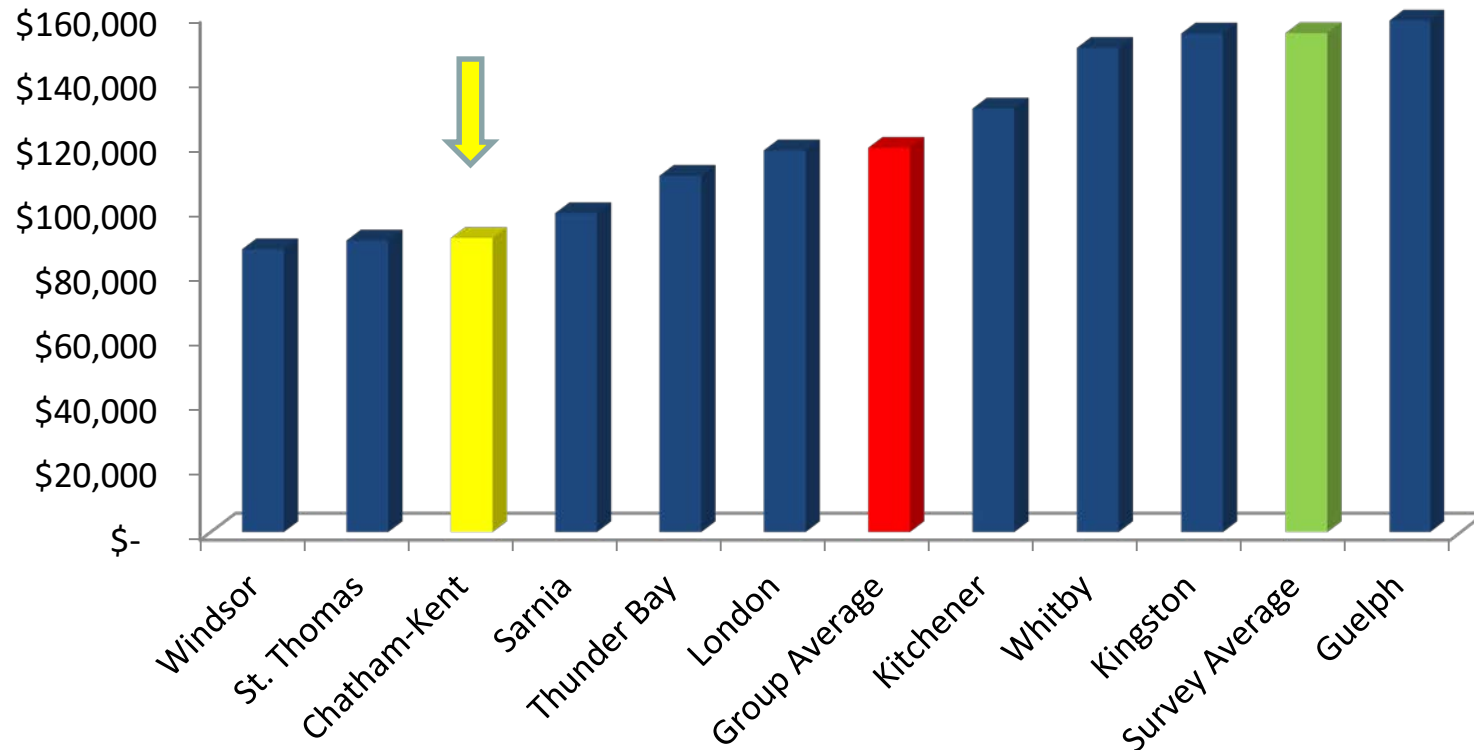
- Challenge facing Chatham-Kent is a large geographic area with a low population density
- This requires more infrastructure funded by fewer people

## Chatham-Kent's Weighted Assessment Composition

Year	Residential	Multi-Residential	Commercial	Industrial	Farm
2011	62.8%	5.1%	19.3%	5.1%	5.7%
2017	64.6%	3.6%	16.7%	4.1%	9.7%
Difference 2011-2017	1.8%	-1.5%	-2.6%	-1.0%	4.0%
% Change	2.9%	-29.4%	-13.5%	-19.6%	70.2%

- Weighted assessment composition is the basis upon which taxes are levied
- Proportion of residential and farmland assessments have increased from 2011-2017 while commercial, multi-residential, and industrial have decreased

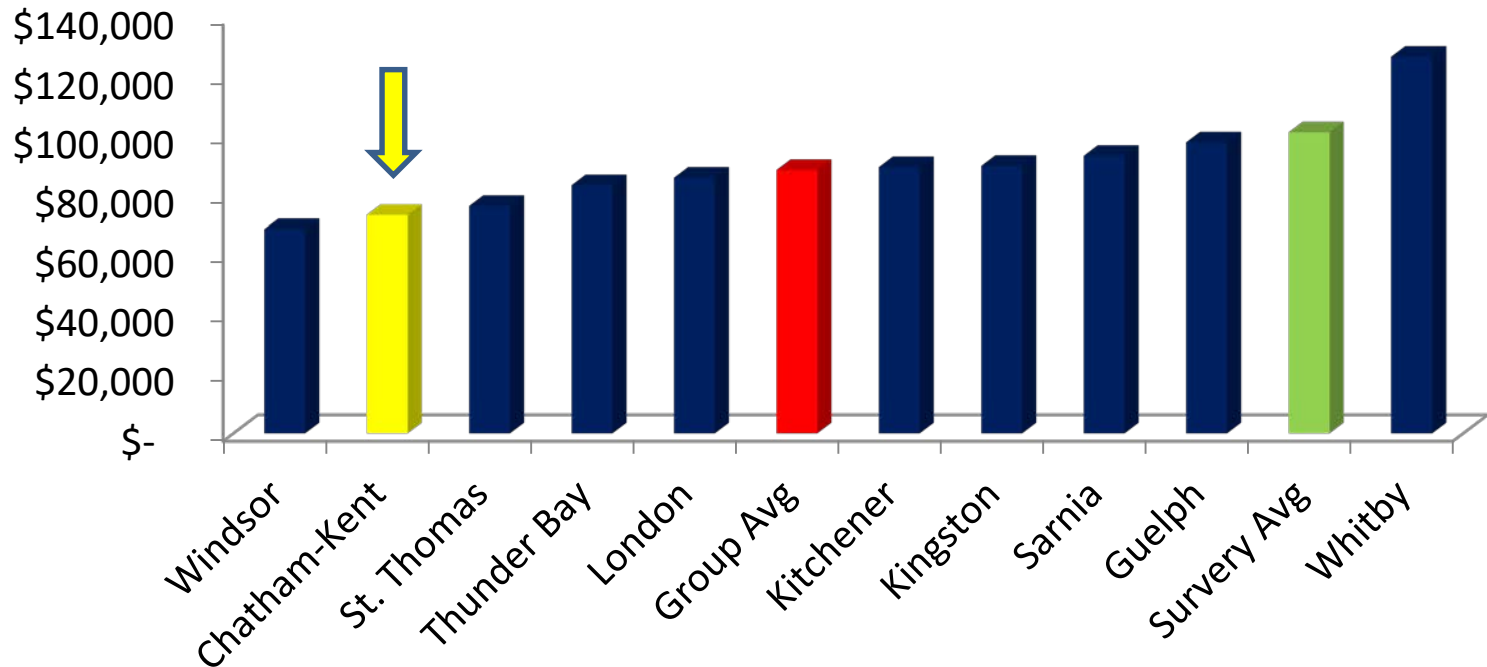
## 2017 Weighted Assessment Per Capita



- A strong assessment base is critical to a municipality's ability to collect revenues
- 5<sup>th</sup> lowest in the survey of 102 municipalities



## 2017 Est. Average Household Income



- Household income is one measure indicating a community's ability to pay for service
  - Lower than group and survey average
  - 6<sup>th</sup> lowest income in the survey of 102 municipalities

## *Financial Indicators*



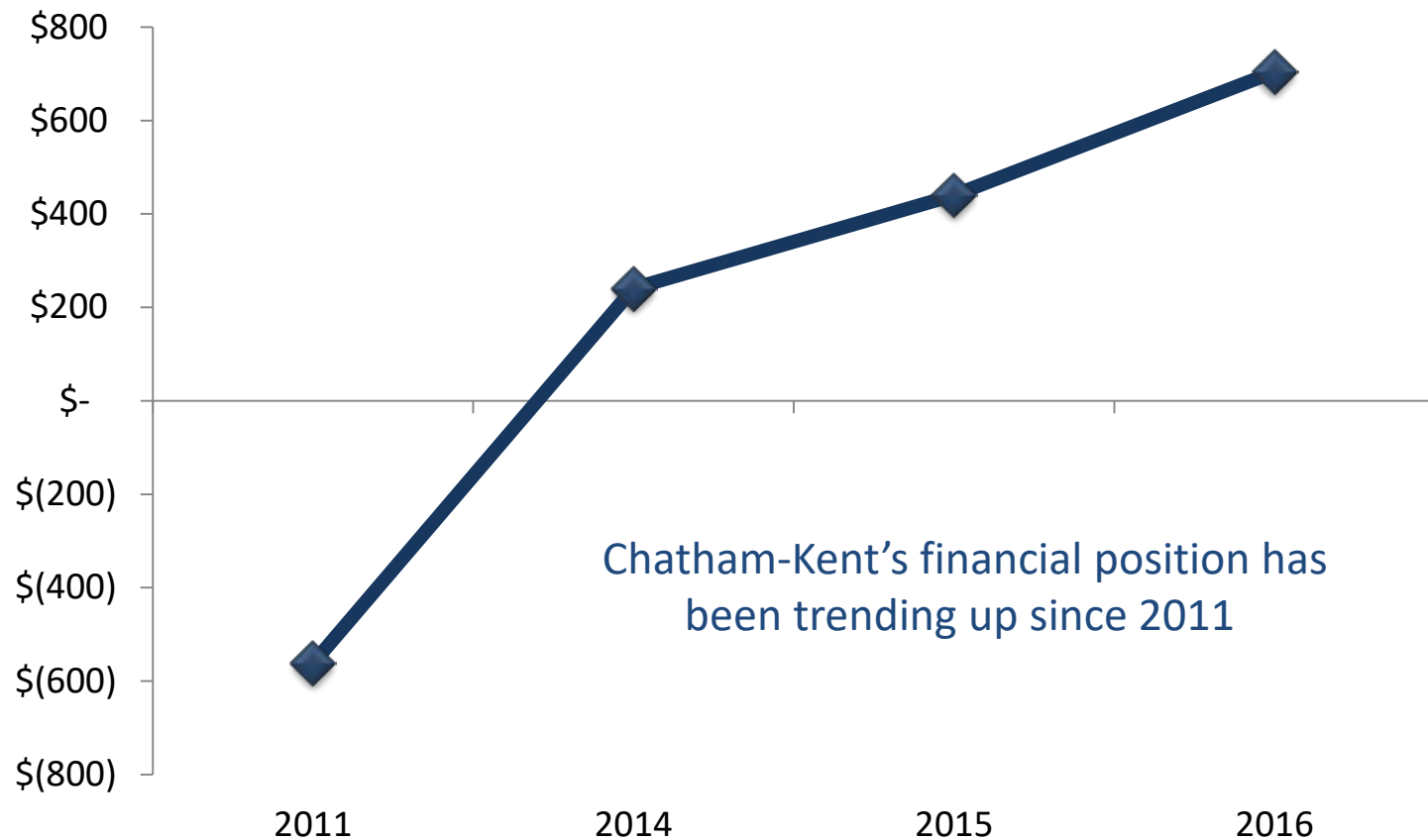
## Financial Position Comparisons

Financial Position is a key indicator of a municipality's financial health

- A comparison was made of each municipality's overall financial position (assets less liabilities)
- Chatham-Kent's per capita financial position is above the survey and group average

2016 Financial Position per Capita	
Sarnia	\$376.0
Thunder Bay	-\$1,572.0
Kingston	-\$1,365.0
St. Thomas	\$128.0
Windsor	\$731.0
London	\$613.0
Whitby	\$1,097.0
Kitchener	\$918.0
Guelph	\$658.0
<i>Group Average</i>	<i>\$176.0</i>
<i>Survey Average</i>	<i>\$454.0</i>
<b>Chatham-Kent</b>	<b>\$704.0</b>

## Financial Position Trend Per Capita



2016 Asset Consumption Ratio			
	Tax	Water	WW
Sarnia	41%	39%	49%
Thunder Bay	56%	55%	53%
Kingston	39%	26%	38%
St. Thomas	43%	51%	49%
Windsor	43%	37%	40%
London	35%	32%	43%
Whitby	38%	N/A	N/A
Kitchener	32%	19%	26%
Guelph	44%	41%	49%
<i>Group Average</i>	<i>41%</i>	<i>38%</i>	<i>43%</i>
<i>Survey Average</i>	<i>42%</i>	<i>35%</i>	<i>34%</i>
<b>Chatham-Kent</b>	<b>48%</b>	<b>40%</b>	<b>52%</b>

Source: FIRs

## Asset Consumption Ratios

This indicator provides an estimate of the useful life in a municipality's capital assets

Age of Chatham-Kent's assets are higher than survey average for tax, water and wastewater

## **Level of Reserves Required**

The level of reserves required will vary for a number of reasons including:

- Services provided by the municipality
- Age and condition of infrastructure, inventory of fleet and vehicles supporting municipal operations
- Level of expenditures
- Internal debt and reserve policies
- Target balances and ranges established on a reserve by reserve basis
- Economic conditions and projections

## Reserve Comparative Analysis

2016 Reserves as a % of Own Source Revenues			
	Tax	Water	WW
Sarnia	26%	33%	31%
Thunder Bay	23%	1%	17%
Kingston	56%	123%	122%
St. Thomas	20%	76%	121%
Windsor	36%	N/A	13%
London	60%	92%	153%
Whitby	70%	N/A	N/A
Kitchener	20%	1%	3%
Guelph	28%	192%	211%
<i>Group Average</i>	38%	74%	84%
<i>Survey Average</i>	51%	88%	52%
<b>Chatham-Kent</b>	<b>73%</b>	<b>25%</b>	<b>9%</b>

Source: BMA Study

- Discretionary Tax Reserves are higher than group and survey average
- Tax reserves decreased from 76% in 2015 to 73% in 2016
- Water and Wastewater Reserves are below both group and survey average
- Water and Wastewater Reserves also increased from 2015 levels

2016 Debt Outstanding Per Capita			
Municipality	Total		Tax
Sarnia	\$	230	\$ 112
Thunder Bay	\$	1,786	\$ 850
Kingston	\$	2,366	\$ 1,706
St. Thomas	\$	468	\$ 347
Windsor	\$	423	\$ 301
London	\$	856	\$ 671
Whitby	-		-
Kitchener	\$	364	\$ 364
Guelph	\$	1,034	\$ 1,003
<i>Group Average</i>	\$	836	\$ 595
<i>Survey Average</i>	\$	769	\$ 539
<b>Chatham-Kent</b>	<b>\$</b>	<b>973</b>	<b>\$ 448</b>

## Debt Outstanding Per Capita

- Total debt outstanding is higher than the survey average
- Tax debt outstanding is below both the total survey average and group average
- 2015 total debt outstanding per capita was \$1,055 and tax per capita was \$492 reflecting a reduction in debt in 2016



## Debt to Reserve Ratio

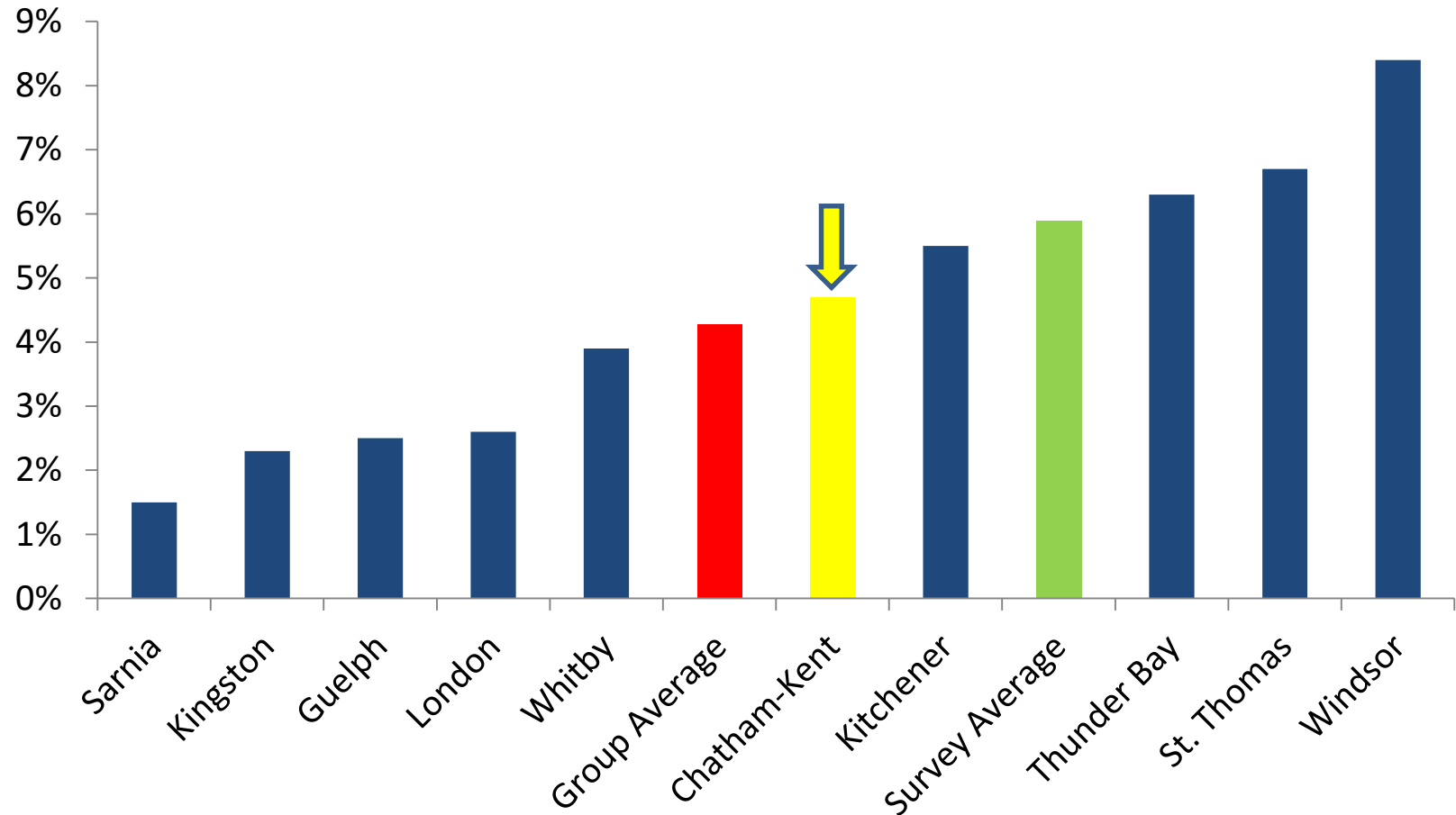
- Rating agencies consider a ratio of 1.0 to be financially prudent
- A ratio of 1.0 denotes for every \$1 of debt there is \$1 of reserves
- Chatham-Kent's ratio of 0.7 means that for every \$1.00 of reserves there is \$0.70 of debt
- This ratio improved from 2015 (0.8)

2016 Debt to Reserve Ratio	
Whitby	0.0
Guelph	0.7
Windsor	0.5
London	0.5
St. Thomas	0.6
Sarnia	0.5
Kingston	1.2
Thunder Bay	2.0
Kitchener	1.6
Group Average	0.84
Survey Average	1.0
Chatham-Kent	0.7

## Taxes Receivable as a % of Taxes Levied

Taxes receivable as a % of taxes levied in Chatham-Kent are below the survey average and within the range of acceptability

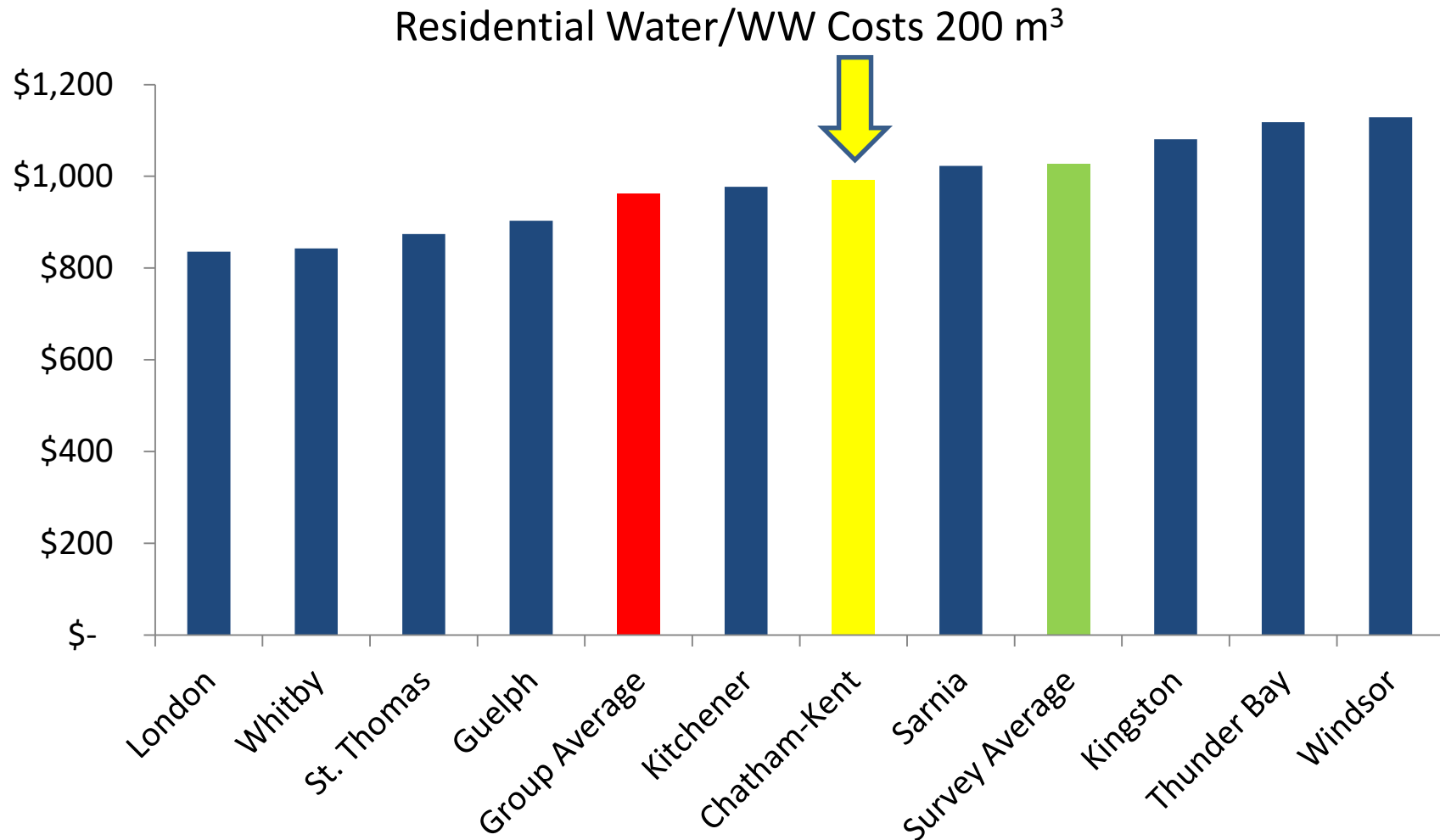
This ratio has improved from 2015 (4.8%) to 4.7% in 2016



# *Cost of Service and Affordability Indicators*

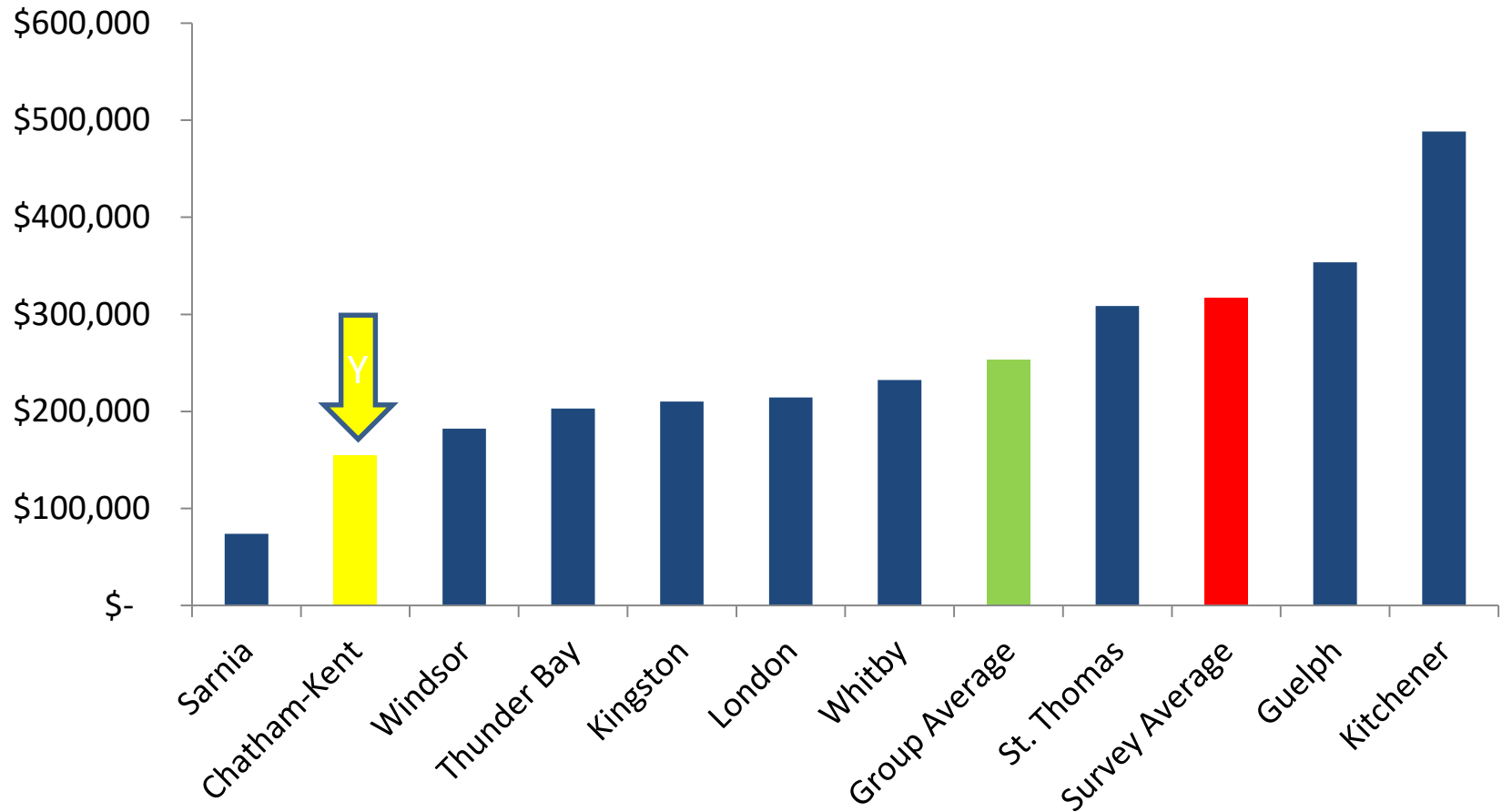


## 2017 Water and Wastewater Costs

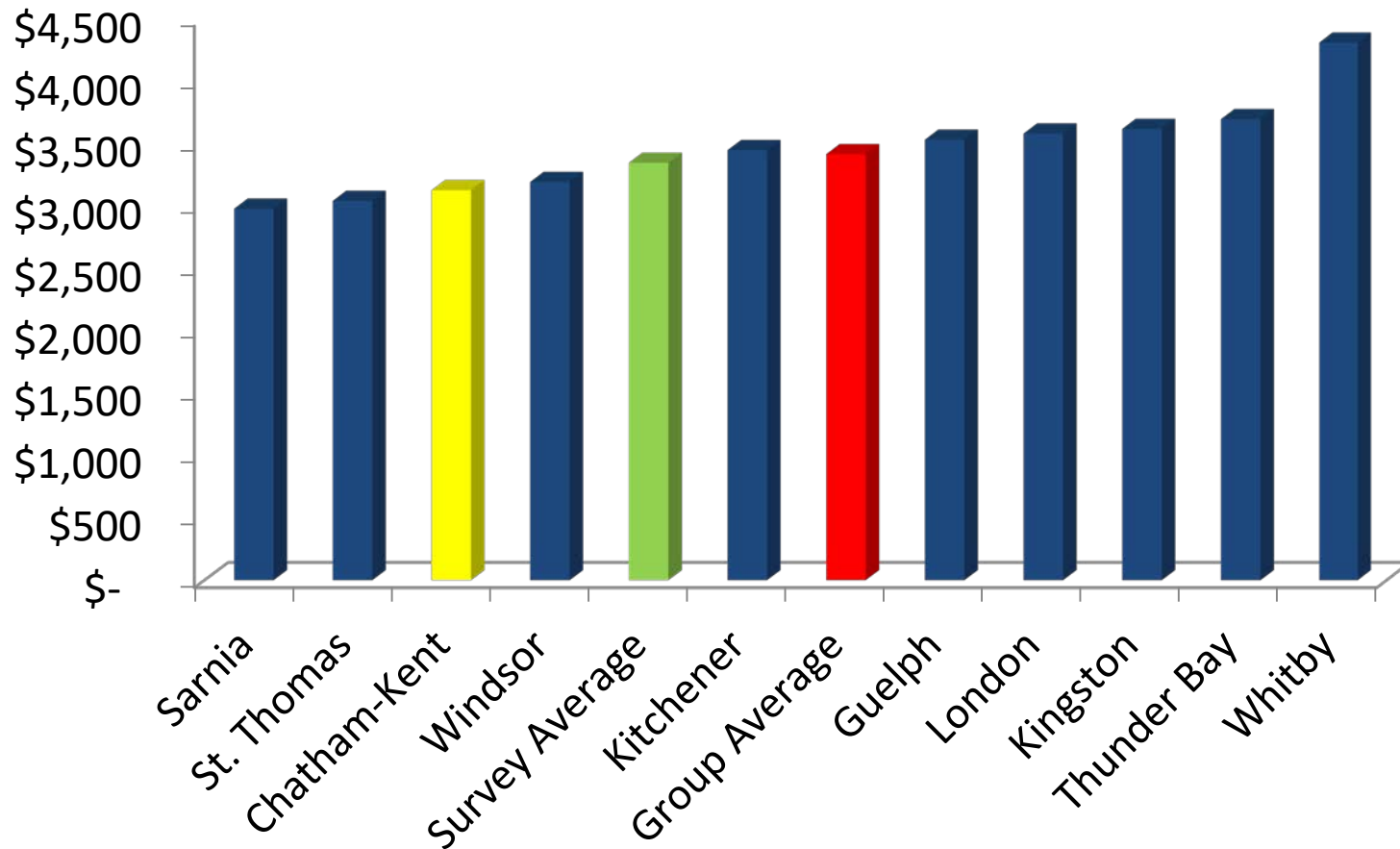


## 2017 Water and Wastewater Costs Cont'd

Industrial Water/WW Costs 100,000 m<sup>3</sup>

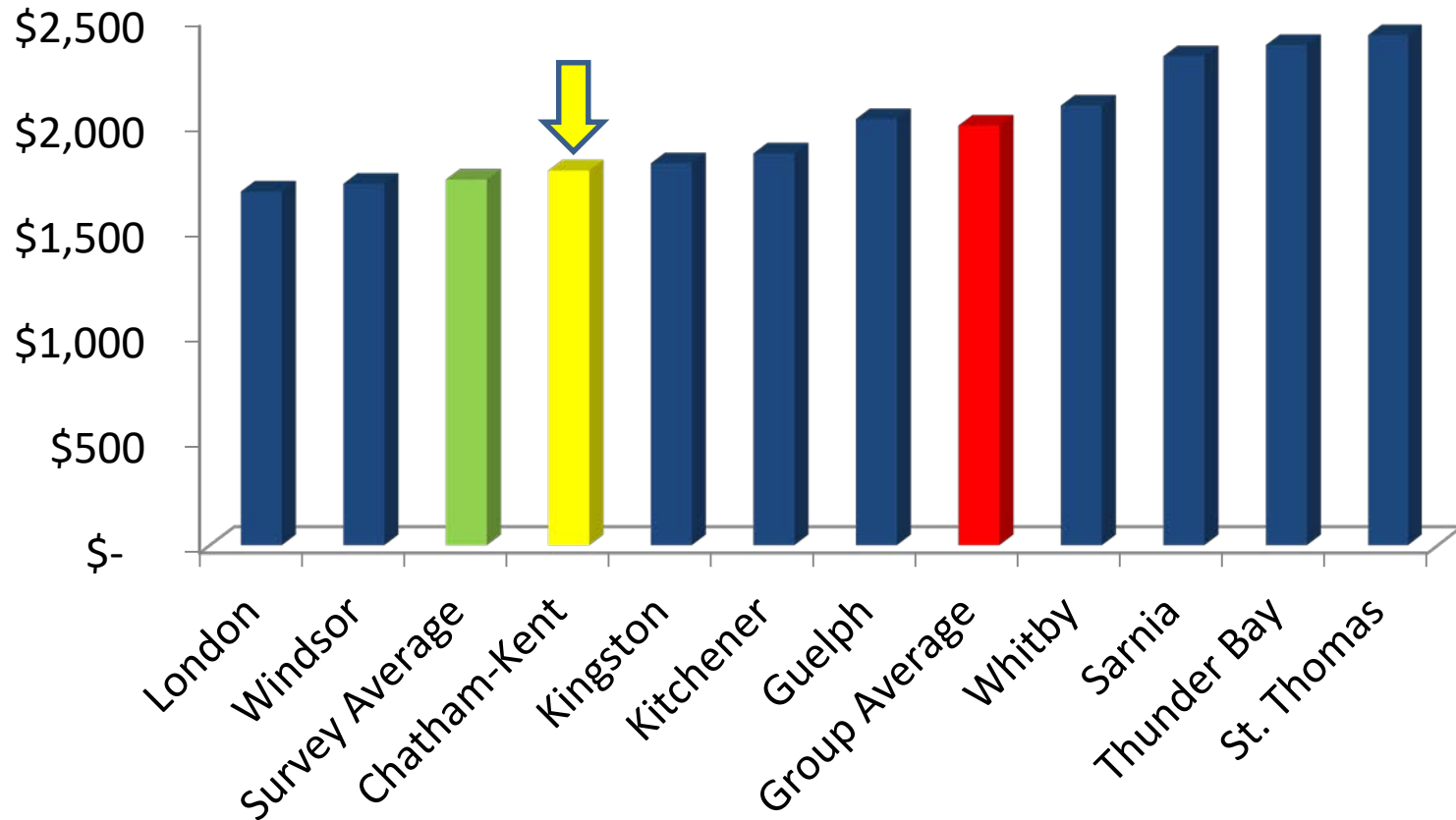


## 2017 Relative Tax Burden Comparison - Bungalow Single-Family Dwelling



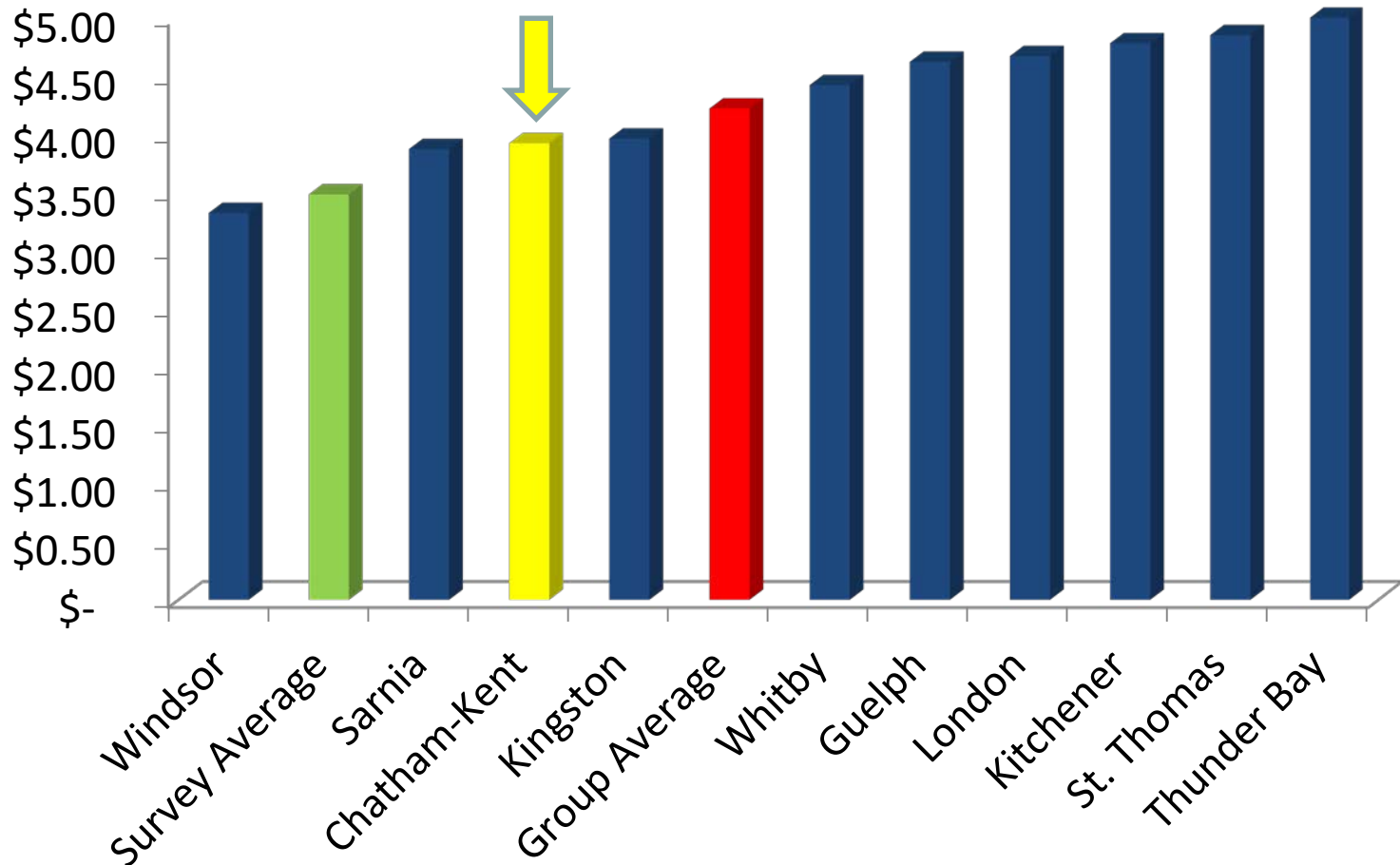
- Below the survey and group average

## 2017 Relative Tax Burden Comparison - Multi-Residential High Rise Per Unit



- Lower than group average, higher than survey average

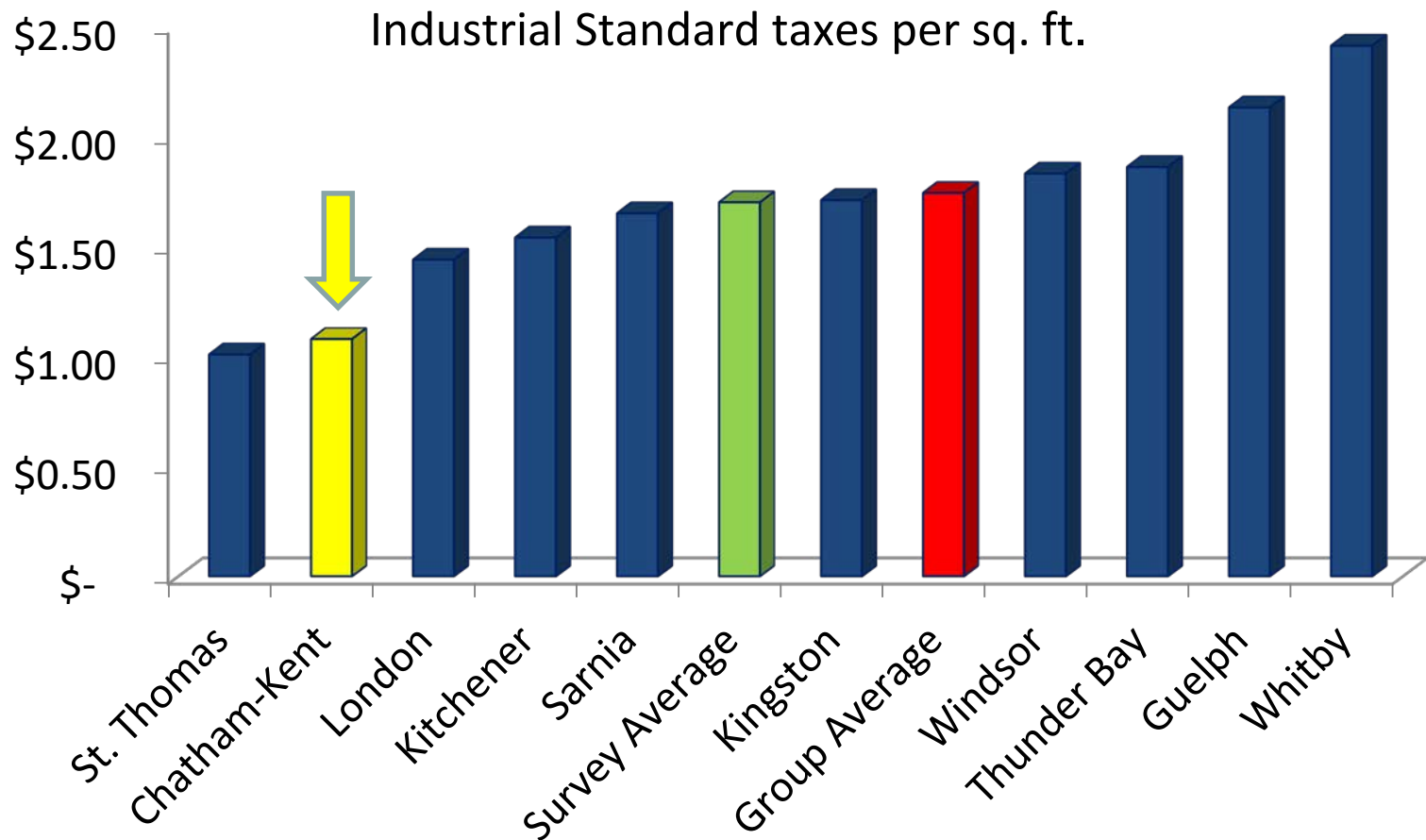
## 2017 Relative Tax Burden Comparison - Commercial Shopping Centre per sq. ft.



- Approximately at the group average and median

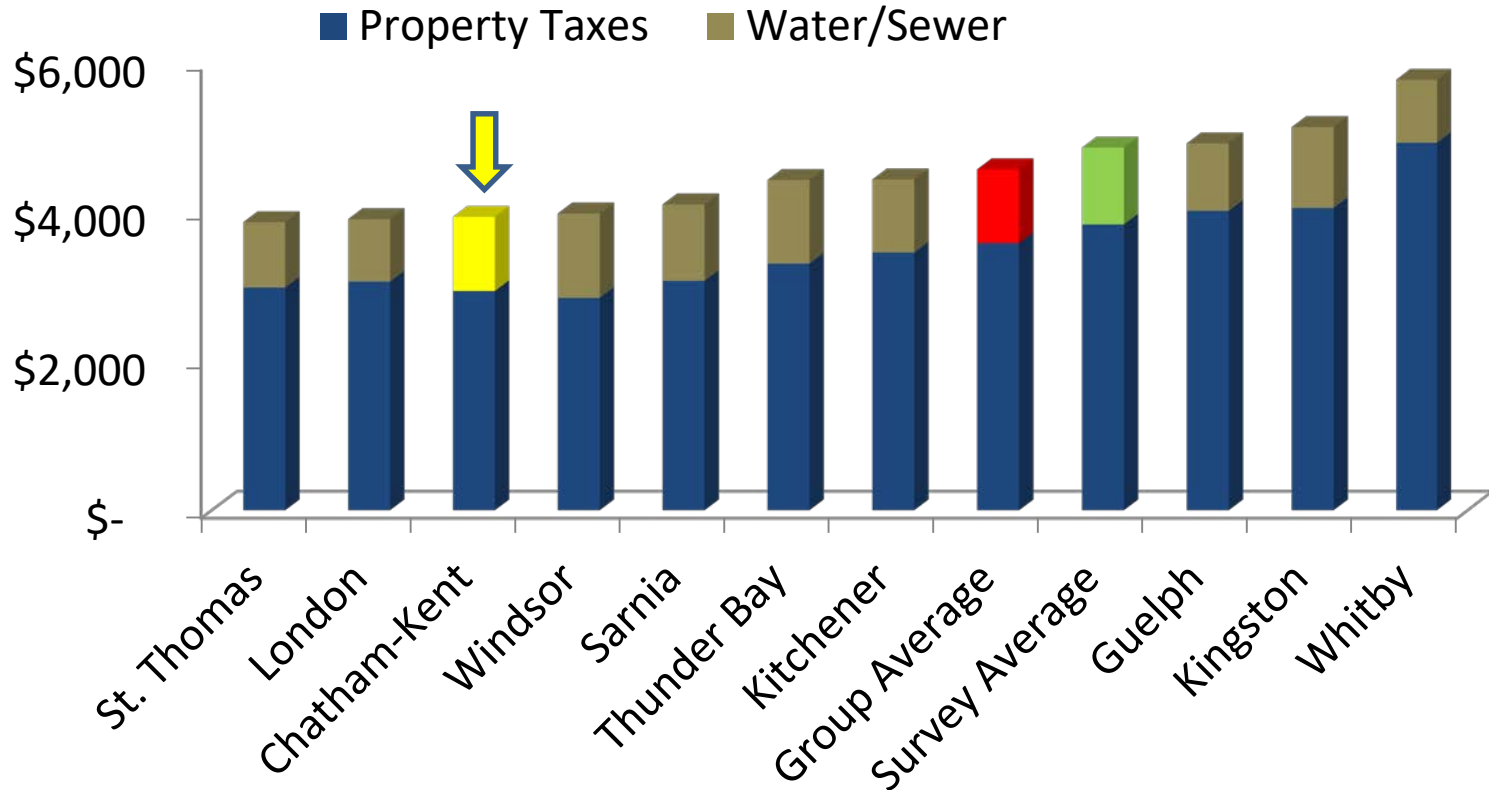


## 2017 Relative Tax Burden Comparison



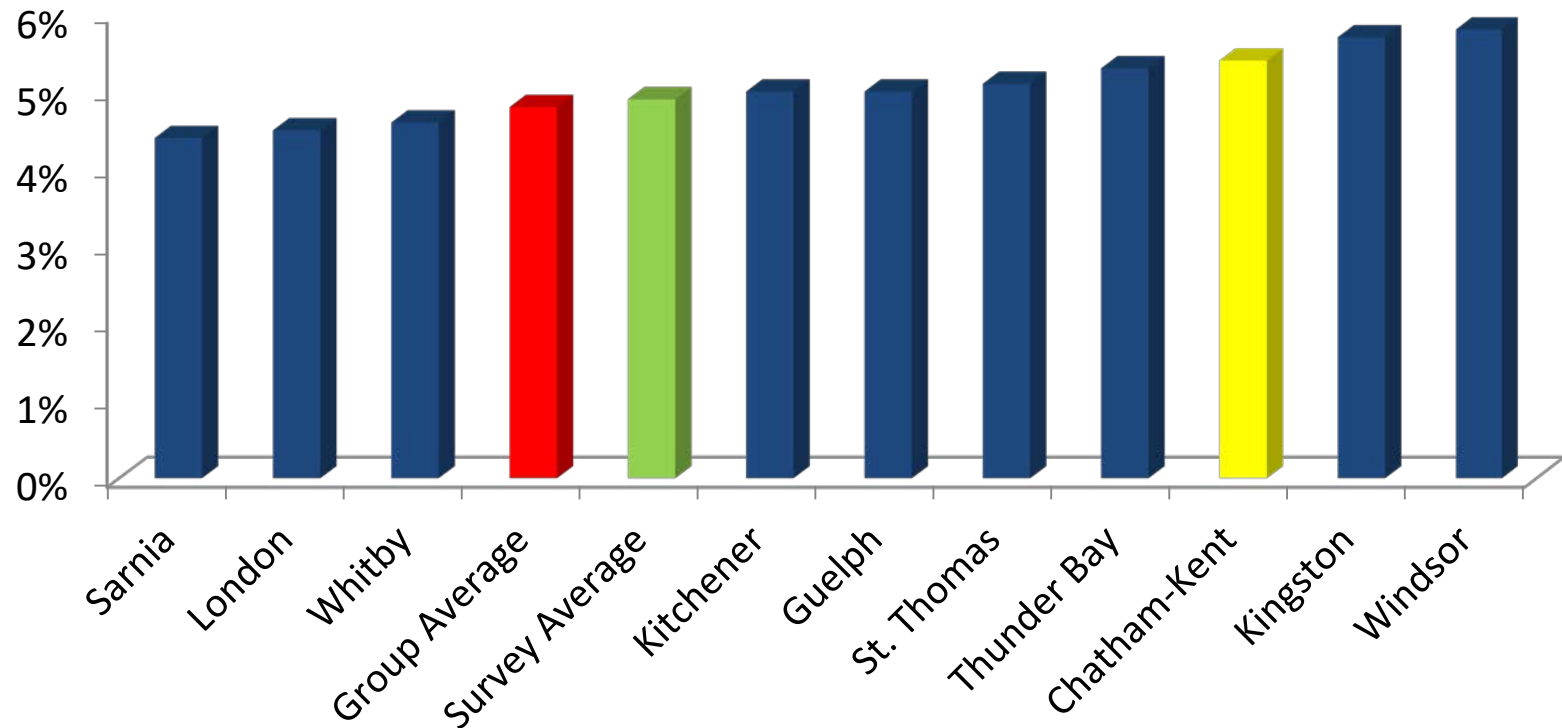
- Lower than group average and survey average

## Residential Average Cost of Service



- Low municipal spending and low water/sewer costs in Chatham-Kent result in one of the lowest cost of services in the survey

## Property Taxes & Water as a % of Income



- With lower income levels, the cost as a % of income is above the group and survey average

# *QUESTIONS*

