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November 4, 2016

City of Sarnia Council
255 North Christina Street
P.O. Box 3018
Sarnia, Ontario N7T 7N2

Mayor Bradley and Members of Council,

Re: 2017 City of Sarnia Proposed Budget

On behalf of our approximately 800 business members, thank you for the opportunity to comment on the 2017 Budget.

The Chamber congratulates Council and administration for a number of actions taken to improve the financial viability of Sarnia, including reducing the corporation's debt, maintaining competitive industrial class tax rates, creating the Asset Management Plan, identifying vacant properties, reviewing customer service provided by the Planning and Building Department and investing in the oversized load corridor project.

The Chamber is also aware of the many challenges that Sarnia and other rural Ontario municipalities face, such as rising costs, aging infrastructure, slow economic growth and pressure to maintain low taxation levels. Most alarming is a recent staff report that of the City's \$1.99 billion in linear assets, \$235 million is needed to completely replace assets that are so outdated they can no longer be rehabilitated. In addition to this, funds are required for regular maintenance and upgrades of assets that are in better condition. The Chamber is pleased to see that \$37 million has been allocated the 2017 capital budget for high priority projects, but we are more concerned that much of this will be funded by reserves and it does not address the infrastructure backlog.

Despite these challenges, we believe that Sarnia is well-positioned for positive economic change. With substantially low debt levels and interest rates, now is the time for the City to consider options for investing in its assets. Council may consider seeking grants from senior levels of government more aggressively. Another option would be to take on a reasonable level of new debt to allow the City to implement projects that generate economic development without increasing tax levels. The Chamber does not support new debt to cover general operations, but we do support

strategic investment based on economic goals, as set by Council. We also suggest matching any future funding for infrastructure to the entire lifespan of the asset and establishing principles and limitations for taking on debt.

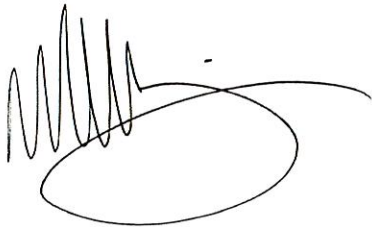
By tying infrastructure investments to economic development and supporting projects like the oversized load corridor, the tax base will increase and the City will have more money for debt reduction and reserve funds in the future. Companies want to locate where there are modern transportation networks. Families, businesses and entrepreneurs want to live where there are adequate water and sewer services, high speed internet, ample parks and clean beaches.

As such, the Chamber supports city staff's recommendation to Council to provide direction on the level of service they would like to provide and develop an Infrastructure Renewal Policy. We are pleased to know that the Asset Management Plan will be expanded to cover all tangible capital assets across departments. We also agree that the City's "Financial Management Plan", and "Reserve & Reserve Fund Policy" may need to be modernized. In doing so, economic development could be added as a key priority of financial management.

Furthermore, we encourage the City to do more to attract development in order to increase its revenues. Sarnia is a wonderful place to live and do business. By implementing the recommendations of the Planning and Building Department Review Report, it could be even better. Sarnia's tourism, agriculture and bioindustrial sectors are other significant assets with great marketing potential outside of this region.

In closing, we recognize the challenges we face as a community and encourage the City to make economic development a priority. Now is the time to make wise investments to create a prosperous community which new and existing residents are proud to call home. We welcome continued collaboration through the City/Chamber working group and other opportunities as they arise.

Yours Truly,

A handwritten signature in black ink, consisting of several vertical, wavy lines followed by a large, sweeping loop that extends to the right.

Mark Lumley
Board Chair

A handwritten signature in black ink, written in a cursive style that clearly reads "Shirley de Silva".

Shirley de Silva
President & CEO