

December 19, 2023

2024 Budget

An amended 2024 budget will be debated by Council January 23-26, 2024.

1. Why did the date of the 2024 Budget debate change from November 2023 to January 2024?

Last year, City Council approved a two-year budget (capital and operating) for 2023 and 2024. Council was originally scheduled to review the 2024 budget in November 2023 and make any necessary adjustments; however, our economic reality has changed, and a deeper dive is needed to better understand our financial situation and present an accurate budget. As such, administration will present an amended budget for Council review from January to 23-26.

2. I thought the 2024 Budget was approved as part of the two-year budget process in 2022. What happened?

Council did approve the 2024 budget as part of the 2023/2024 budget in 2022; however, our economic reality has changed and we need to re-evaluate our 2024 budget. We need to better understand our financial situation and present a budget to Council that better represents our current reality.

Like other municipalities across the province, we're dealing with a number of factors that are making budget challenging this year. Inflation continues to affect our city budget. We've seen a decrease in our revenues over the last few years, and we're also seeing less money from the provincial and federal governments than we usually do.

In addition to these factors, it is not uncommon for municipalities to review and confirm their budgets in a multi-year budget process.

3. Why are you proposing a higher tax increase?

In 2022, Council approved a 4.1 per cent property tax increase for 2024. However, as we are re-evaluating the 2024 budget and assessing our economic position, it is evident that we need to make more significant adjustments than we had originally anticipated. We will be presenting the budget to Council with an option for consideration that includes a tax increase above and beyond the previously approved 4.1 per cent. While we don't know exactly what this will look like until Council reviews the budget in January, other Alberta municipalities are seeing increases between 5-9 per cent. Other options will be presented to Council that highlight the impact on other areas of The City's finances if the tax rate remains at the approved 4.1 per cent.

We know that nobody likes a tax increase, but we need to ensure that we can continue funding the essential services that keep our city running. Everything from roads and recreation to police and emergency services.

4. What do my tax dollars pay for?

Your tax dollars are one of several revenue sources for The City (others include utility user fees, user fees, fees and charges, grants and others).

Property taxes are collected annually to fund essential services including police, fire, roads, and transit plus community amenities like recreation facilities, parks and trails.

The City of Red Deer also collects taxes on behalf of the province for education and Bridges Community Living. Based on 2023 rates, the following is an estimated breakdown of where your tax dollars are spent:

- Municipal portion: 76.65%
- Education: 22.93%
- Bridges Community (SRS Affordable Housing and Design Industrial Property): 0.41%

For a breakdown of how the municipal portion is used, click [here](#).

5. Is The City bankrupt? Is the budget being mismanaged?

No, The City is not bankrupt. We have strong financial practices in place at The City of Red Deer and we continue to adhere to all financial regulations and requirements set out in the Municipal Government Act (MGA) and all other regulatory bodies.

6. How did inflation and increasing costs influence the 2024 budget?

Just like inflation and increasing costs affect your household budget, they affect The City's budget. These factors put increasing pressure on our budget and are part of the reason we had to re-evaluate the 2024 budget. We also pay for fuel, electricity, heat to provide our services and programs.

7. I don't use all the facilities and services, can I just pay for what I use?

Property taxes cover a broad range of essential municipal services for citizens – everything from road maintenance and drinking water to police and emergency services. They also cover other services that help our community thrive, such as parks, trails, and recreation and neighbourhood amenities. Whether a citizen uses every amenity available in the community, we still need to collect property taxes in a consistent manner from all property owners.

You can learn more about how your tax dollars are allocated [here](#). You can learn more about how taxes are calculated [here](#).

8. Instead of increasing taxes, can we ask the provincial or federal government for more money?

We continue to work closely with both levels of government, as well as Alberta Municipalities, to advocate for more funding for municipalities.

Read more about the work Alberta Municipalities is doing to lobby for more support for local infrastructure [here](#).

9. Can you reduce services instead of increasing taxes?

Administration is going forward with a budget that does not include any service level reductions, which would equate to staff reductions; however, Council can still make decisions that are outside of the recommendations put forward by administration.

As part of our long-term financial planning, we will be focussing on measuring efficiency and citizen value. This will include reviewing service levels and understanding the needs of our community.

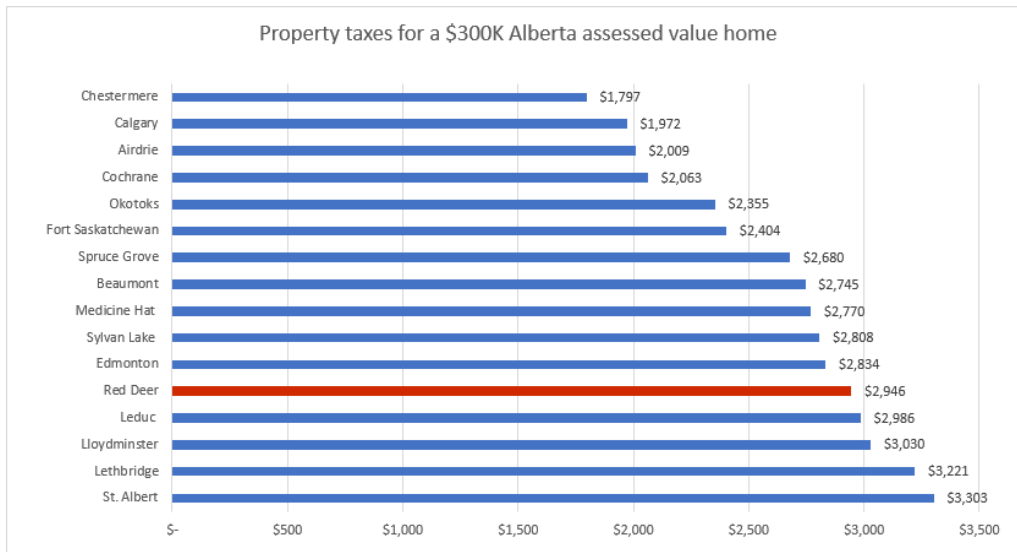
10. What if I can't pay my taxes?

We encourage you to sign up for our Tax Installment Program (TIP), which allows residents to divide their annual tax bill into monthly payments. TIP makes budgeting easier and eliminate the risk of a late payment penalty. If you are unable to pay your property taxes in full by the June 30 deadline, we encourage to pay what you can in advance to reduce penalties. A 6% penalty will be applied to unpaid tax balances on July 1, in accordance with the Tax Penalty Bylaw.

Our Tax team is here to support you. If you have questions or concerns, please reach out at tax@reddeer.ca or 403-342-8126.

11. How do property tax rates compare to other municipalities?

Based on 2023 taxes, the chart below shows how Red Deer compares to other municipalities. However, many municipalities are in the process of finalizing their 2024 budgets now. Many cities are also dealing with the same financial pressure we are seeing in Red Deer as they review their 2024 budgets and we're seeing property tax increases in other communities between 5-9 per cent.



**Note this is based on 2023 tax rates.*

12. Can we use reserve funds instead of raising taxes?

The budget has multiple funding streams, including reserve funds. As part of our long-term financial planning, we are focusing on ensuring the long-term health of our reserve funds. With that in mind, we need to balance how much we rely on our reserves in the short-term. Reserves are used for protection from emergent needs and to fund our future growth and strategic initiatives.

13. Can citizens expect tax increases in future years?

As part of our overall financial management plan, we will present projections for the next five years so citizens can understand what to expect. There are always factors that will impact these projections, but we want to provide some indication of what citizens can expect in the future as we work to build the long-term health of our city.

14. How can I find out more information about the budget?

Information about the budget is available at reddeer.ca/budget.

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For more information, contact:

Corporate Communications
The City of Red Deer
403-396-9533