

November 4, 2024

Budget 2025

Council will consider the 2025 Budget November 18-22, 2024.

1. What can citizens expect from this year's budget?

Administration presented their draft budget on November 4, 2024. The budget includes two components: the capital budget and the operating budget.

- The proposed 2025 Capital Budget is \$93,384,000, and Administration is recommending that Council approve the 10 Year Capital program in principle. A full list of projects included in the capital budget can be found in Section 4 of the budget.
- The proposed 2025 Operating Tax Supported budget at a total expense of \$512,371,612; however, balancing this budget will require just over \$18 million in changes.

Changes needed to balance the budget can be achieved through leveraging any of the options within Council's control. After thorough review and analysis through this budget process, Administration recommends the following directions be considered by Council in setting our future direction:

1. **Generate gross tax revenue increase of \$18 million:** A projected \$18 million boost in tax revenue will help address past financial challenges and support a more forward-focused approach. This represents a tax increase of 11.25 per cent.
2. **Prioritize Our Services:** By approving proposed service level adjustments, The City could reduce expenses by approximately \$3.4 million, focusing resources on core municipal functions that matter most to Red Deerians.
3. **Organizational Efficiency:** Administration will continue efforts to assess and optimize resource efficiency, laying the groundwork for long-term cost management.
4. **Achieve a Positive Variance in 2025:** The City aims for a positive budget variance by year-end 2025, which will contribute to building reserves through one-time savings.
5. **Focus Advocacy on Future Funding:** Red Deer will emphasize advocacy efforts at the provincial and federal levels to enhance support for municipal infrastructure and growth, ensuring future sustainability.

2. Why are we facing such a significant budget shortfall this year?

There are many factors that have contributed to the financial position we are facing, and this isn't a new issue. Over the past few years, our budget has faced increasing pressure as economic factors have changed, including inflation, decreased funding from other levels of government and a slowed economy.

Further, historically, our property tax rates haven't always kept pace with the cost of our services. Previous years of zero or lower than average property tax increases are not sustainable and typically lead to higher increases in future years.

3. Will my property taxes increase?

Property taxes account for 38 per cent of The City's revenue and play an important role in funding the critical municipal services Red Deerians rely on every day. Along with other budget adjustments, we are looking at property tax adjustments to balance the budget.

Tax scenarios vary based on the assessed value of your home. The chart below outlines possible scenarios based on revenue and assessed home value.

		Proposed tax revenue		
		\$17 million	\$18 million	\$19 million
Assessed property value	\$100K	\$78/year \$6.50/month	\$82.63/year \$6.89/month	\$87.22/year \$7.27/month
	\$200K	\$156/year \$13/month	\$166/year \$13.83/month	\$174/year \$14.50/month
	\$300K	\$234/year \$19.50/month	\$249/year \$20.75/month	\$261/year \$21.75/month
	\$400K	\$312/year \$26/month	\$332/year \$27.67/month	\$348/year \$29/month
	\$500K	\$390/year \$32.50/month	\$415/year \$34.58/month	\$435/year \$36.25/month

For example, if we wanted to raise \$17 million in revenue entirely through taxes, a typical single-family home valued at \$345,000 could see an increase of between \$19.50 to \$26 per month.

Final decisions about property tax will be made by Council during the budget debate in November.

4. Will there be service cuts?

Service cuts are just one option being considered as we look at ways to balance the budget, but no decisions will be made until the budget is debated by Council in November.

5. What role did public engagement play in this year's budget?

Red Deerians had several opportunities and avenues to provide their input into the 2025 budget. Engagement campaigns were held in the Spring and Fall, with different interactive budgeting tools, polling, open ended questions, an idea wall and surveys available to citizens. In person opportunities were also available during the Spring campaign.

Read the ['What we Heard Report'](#).

6. 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 2024 rates, the following is an estimated breakdown of where your tax dollars are spent:

- Municipal portion: 77.59%

- Education: 21.49%
- Bridges Community (SRS Affordable Housing and Design Industrial Property): 0.47%

[Learn how your tax dollars are spent.](#)

7. 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.

8. 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, 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.

9. What is The City doing to ensure we aren't in debt long-term?

Through our long-term financial and business systems plan, we are working to improve our financial governance and systems to achieve long-term sustainability. This plan includes financial modeling, assessing governance structures, creating a financial risk profile, developing a performance scorecard, and evaluating financial reporting systems to align with best practices among comparable municipalities.

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 residential property tax rates compare to other municipalities?

Based on 2024 taxes, the chart below shows how Red Deer compares to other municipalities. This is based on a home assessed at \$350,000.

Municipality	2024 Municipal Tax Rate	Annual Payment	Monthly Payment
Red Deer	7.34%	\$2,570.75	\$214.26
Lethbridge	8.17%	\$2,861.70	\$238.48
Medicine Hat	6.78%	\$2,374.33	\$197.86
Sylvan Lake	6.63%	\$2,320.50	\$196.38
Grande Prairie	10.06%	\$3,522.86	\$293.58
St. Albert	8.54%	\$2,989.00	\$249.08
Blackfalds	7.81%	\$2,733.92	\$227.83
Lacombe	8.55%	\$2,995.05	\$249.59

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

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

For more information, contact:

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