

November 25, 2024

Budget 2025

The 2025 capital and operating budgets are approved.

1. What was approved in this year's budget?

Capital budget:

- Administration proposed an overall capital budget for 2025 of \$93,384,000, including approximately \$34 million for the fleet program. During the debate, Council passed a resolution related to Fleet Growth and Enhanced Replacements that reduced the total capital budget by \$4,445,000 bringing the final 2025 capital budget to \$88,939,000.
- Council also gave approval in principle to the 10-year capital plan, which proposes annual spending of approximately \$148 million.
- This year's capital budget is focused on maintaining and enhancing critical infrastructure. For a full list of projects, please see Section 4 of the [Draft Budget](#).

Operating Budget:

- Following a service level review in September that identified \$3.4 million in cost savings, administration put forward a proposed 2025 Operating Tax Supported budget of \$512,371,612, with just over \$18 million in changes required to balance the budget. Through a series and [amendments](#) to the budget, Council adjusted this amount to \$16,811,822.
- Council approved a municipal tax increase of 10.50 percent, which for the average household valued at \$350,000 will mean a monthly increase of \$22.75 per month for the critical municipal services Red Deerians rely on every day. The approved property tax increase will generate the \$16.8 million needed to balance the budget.

2. Why was a 10.5 per cent tax increase needed this year?

Heading into the 2025 budget, The City was facing an \$18 million dollar shortfall. There are many factors that have contributed to this financial position, and over the past few years, these economic pressures have become increasingly challenging:

- Increased inflation and cost of operations
- Decreased grants from other levels of government
- Slowed growth and economic recovery from the pandemic
- Property taxes not keeping pace with cost of services (past years of zero or lower than average property tax increases are not sustainable and typically lead to higher increases in future years)

In past years, we have also relied on our reserves to subsidize the tax rate, but our reserves are now under significant pressure, and we need to focus on rebuilding them. This tax increase allows us to do so while also continuing to maintain our core infrastructure and invest in our existing programs and services.

3. Will there be service cuts?

Leading into this budget, administration and Council identified \$3.4 million in cost savings through a service level review process. This along with other changes in the budget will result in some changes to services that citizens may notice in the community, particularly in the areas of parks and trails.

4. How do taxes in Red Deer compare to other municipalities?

Red Deer continues to maintain a competitive property tax position when compared to other Alberta cities. Taxes per capita remain low, residential property taxes about average, and non-residential property taxes continue to be competitive. One of the challenges all cities face, and particularly cities that are hub communities (like Red Deer), is that property tax in smaller communities are generally lower. This is due to differing types of amenities offered, varying levels of development standards and services, and grants and funding provided to municipalities by other levels of government for essential services.

Illustration 7A – City Municipal Property Tax Per Capita – As of 2024, based on 2021 census data and 2024 tax revenues

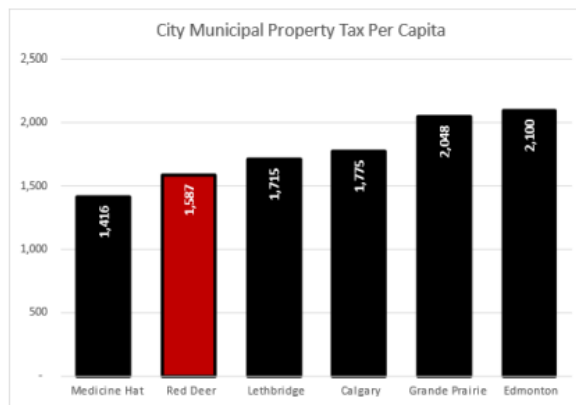
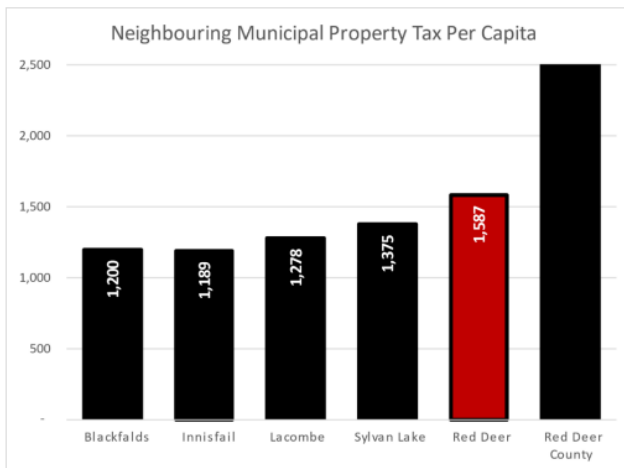


Illustration 7B – Neighboring Municipal Property Tax Per Capital – As of 2024, based on 2021 census data and 2024 tax revenues



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 7% 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