

November 24, 2025 (updated December 10, 2025)

Budget 2026

1. What is the outcome of the Budget 2026 debate?

On December 9, 2025, Council approved the 2026 Operating and Capital Budget. Key highlights include:

- The revised Operating Budget comes in at \$482.6 million
- The Capital Budget at \$63.9 million (no changes made)
- Municipal property tax increase of 3.97 per cent
- The following changes were put forward and approved by Council:
 - Increase the vacancy and efficiency factor applied to salaries, wages, and benefits to identify \$4 million in reductions. This approach accounts for natural vacancy-related savings within the organization and guides Administration to incorporate these efficiencies into the budget planning process.
 - Establish ongoing annual funding of \$250,000 for Tourism Red Deer to support major event attraction, with a requirement for annual reporting on outcomes aligned with the Red Deer Major Event Strategy & Destination Development Framework.
 - Approve the Community Culture Development Fund (CCDF) allocation be increased by \$150,000 to enhance community grant support, as amended.
 - Approve a one-time \$60,000 grant to the Central Alberta Crime Prevention Centre (CACPC) for the year 2026.
 - Approve ongoing annual funding of \$30,000 for Sunnybrook Farm, as amended.
 - Increase service levels for Downtown and Capstone beautification at a total cost of \$100,000.
 - Agrees to postpone consideration of the sponsorship pilot program to end of Q2 2026 Council Meeting.
 - Reduce the planned ORTS reserve contribution by \$1.5 million, resulting in a revised planned contribution of \$9 million for 2026.

2. What can the community expect from Budget 2026?

Budget 2026 is a lean and responsible budget focused on maintaining services and managing costs carefully. While there are some new budget requests, most are related to the personnel provision and the RCMP contract – both large and essential commitments.

In September, Council also passed the 2026 [Utilities Budget](#), which makes up the other half of The City's overall budget. Financial sustainability continues to be a top priority for both Council and Administration.

The City is in a stronger financial position this year thanks to the tough decisions made during last year's budget, which helped protect and begin to rebuild our reserves.

Key highlights:

- Operating budget: \$17.M in total new budget requests.
- Capital budget: Focused on infrastructure preservation and improvement, with limited discretionary growth project deferred to future years.
- Debt position: Projected at \$349.9M by year-end 2025, representing 51% of MGA debt limit and 68% of Council's internal limit – well within policy thresholds.
- Reserve health: Operating reserves will continue to be replenished with further planned contribution of approximately \$10M toward the target minimum threshold of \$25M.

3. What about the capital budget?

The capital budget for 2026 is focused on the essentials – maintaining and renewing the infrastructure and assets The City already has. We are taking a strategic and disciplined approach, prioritizing projects that are most critical while phasing or deferring others to manage costs responsibly.

This approach supports The City's long-term sustainability and ensures we can continue delivering the core services residents rely on, such as maintaining roads, facilities and utility systems.

Council approved the full \$63.9 million Capital Budget with no changes.

4. Does this budget include service level or staff reductions?

No. Administration has not proposed any service level reductions or staff cuts in the 2026 budget. The focus remains on maintaining the services residents expect while managing costs carefully. Council may bring forward amendments during deliberations, but Administration's recommendation is centered on stability and preserving core services.

5. How will Budget 2026 affect property taxes?

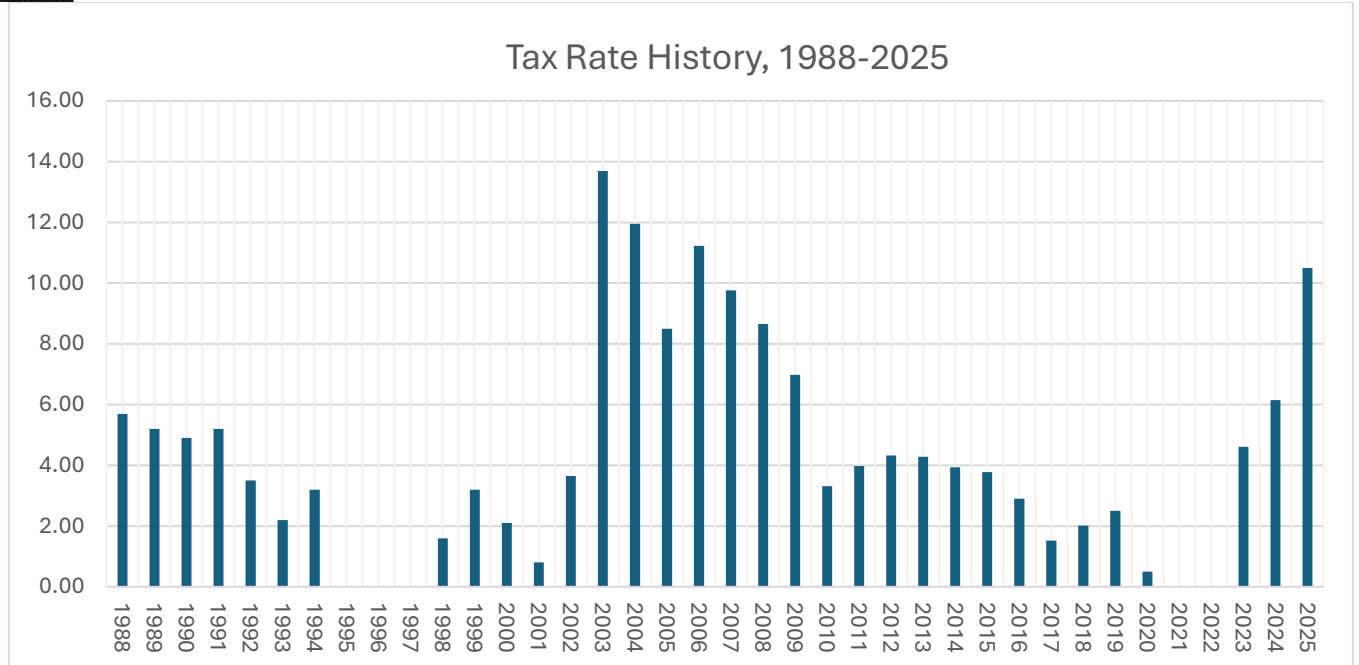
Council approved a municipal property tax increase of 3.97 per cent. This represents an increase of approximately \$29.24 per year or \$2.44 per month for every \$100,000 of assessed residential value for a single-family home. These tax dollars fund the core services, infrastructure, and community amenities residents rely on every day—including roads and utilities, public safety, parks, and recreation facilities—which help ensure Red Deer remains safe, vibrant, and well-maintained.

6. Why is a tax increase necessary?

Even though this is a lean budget with limited new spending, The City continues to face significant economic pressures, including:

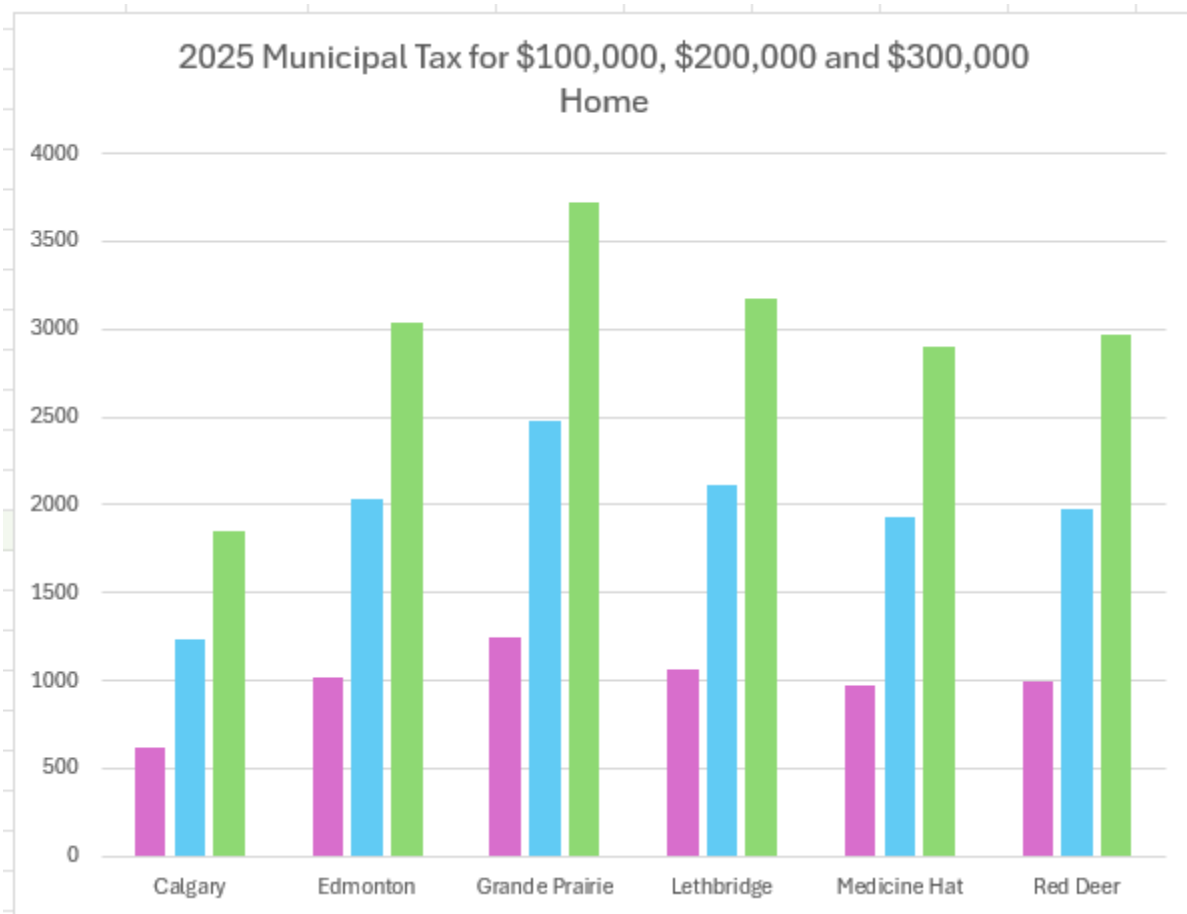
- Increased inflation and cost of operations, which affects everything from fuel to construction materials.
- Decreased grants from other levels of government
- Slowed growth
- Property taxes not keeping pace with cost of services (past years of zero or lower than average property tax increases are not sustainable and typically lead to higher increases in future years – see chart below).

These costs affect The City's ability to deliver essential services. The proposed tax change reflects these pressures – along with contractual obligations, such as the RCMP police contract and personnel provision – and helps maintain services while supporting long-term financial health. Council will review and make final decisions during budget deliberations.



7. How do Red Deer's property taxes compare to other cities in Alberta?

Red Deer continues to maintain a competitive property tax position when compared to similar Alberta cities. Residential taxes remain in line with other municipalities, and non-residential tax rates are positioned considerably below the average of our comparators for 2025. As a hub city, Red Deer continued to provide services and infrastructure that benefit the broader region, requiring thoughtful consideration of revenue sources, service expectations, and long-term investment needs.



8. How were new budget requests prioritized?

The proposed budget reflects the direction set by the previous Council and continues to advance the recommendations outlined in The City's Financial Roadmap. Significant rigour was brought to this year's budget planning, along with a new way of organizing and evaluating new budget requests. In the budget documents, readers will find that requests are organized around four key areas of focus: sustaining essential services; aligning service levels with community needs; accommodating growth; and making strategic investments to modernize systems and strengthen organizational capacity. Budget requests were also evaluated for alignment with Council's 2025 priorities (Financial Stewardship, Economic Development, Community Safety & Wellbeing, and Community Acumen) and the Red Deer 2050 vision, ensuring resources are directed toward long-term value and measurable outcomes.

9. What is the current state of The City's reserves?

The City's current reserves are showing signs of improvement. Strategic decisions made in the prior years – such as the 2025 tax rate adjustment – have strengthened reserves and moved The City closer to long-term sustainability. For example, contributions to reserves in 2025 are projected to transition reserve balances from a deficit to a positive position. However, while progress is being made, reserves remain below the minimum levels required under City policy. Additional work and continued fiscal discipline will be necessary over the next several years to fully replenish these funds. Current projections indicate minimum reserve targets will be met by 2027 and targeted reserves are expected by 2030.

10. What is The City's debt position?

The City's current debt levels remain well within the limits established by the Municipal Government Act (MGA) and Council approved limits. Both current debt and debt servicing costs are below the thresholds set by legislation and Council policy. As of December 31, 2025, The City's debt is projected to be \$343.9 million, which represents 51% of the MGA limit and 68% of the City's internal limit. This means there is additional borrowing capacity available, with approximately \$330 million in unused debt room under the MGA and \$161 million under the City's policy.

11. How does this budget support Red Deer's future?

Budget 2026 continues The City's work toward long-term financial sustainability. The tough decisions made last year, combined with a disciplined approach this year, have strengthened The City's financial position and improved reserve levels.

The budget supports Red Deer's broader long-term direction, including the community vision in Red Deer 2050 and Council's priorities for 2025:

- Financial stewardship
- Economic development
- Community safety and well-being
- Community acumen

This foundation positions The City to plan responsibly and invest where it matters most.

12. How are tax dollars allocated?

Property taxes make up about 40% of The City's revenue, with Utility user fees making up about another 40%, followed by a series of other smaller revenue sources (see the full list [here](#)).

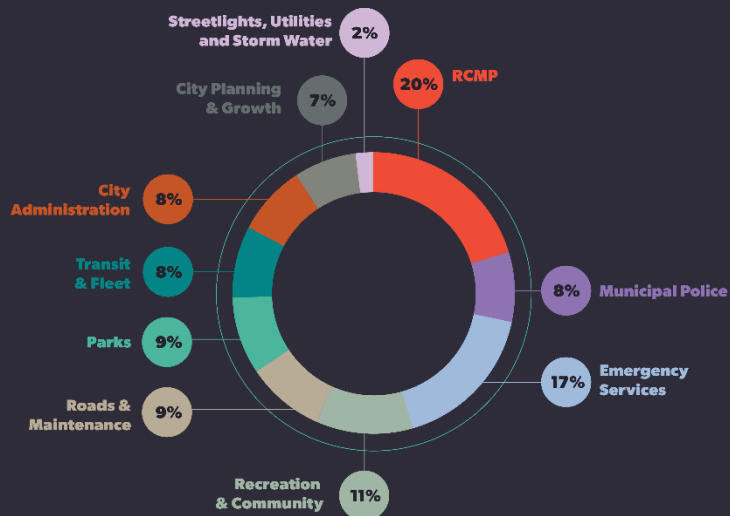
Of the total property taxes collected:

- Approximately 22% is directed to the province for education
- Approximately 0.2% supports Bridges Community Living for affordable seniors' housing
- The remaining 78% funds municipal programs and services

Here's that that looked like based on the approved 2025 Budget.

WHERE DO MY TAX DOLLARS GO?

Here is how the **municipal portion** of your tax dollar is used, based on the 2025 approved budget.



BUDGET 2026 IN VIEW

For more information, contact:

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