



Financial Profile

October 1, 2024



Overview & Summary

- Operating Tax Supported Budget – Understanding the renewed target
- Capital Funding Forecast
- Considerations & “Bold Moves”

We need to consider our financial health more critically. Indicators demonstrate that our path remains unsustainable and **urgent**. We will need to **increase our tolerance for risk** to improve our financial position.

Report to Council: Mike Olesen October 1, 2024

Clarifying Our Target – \$17M - \$19M

Operating Tax Supported 2025

Expenses – Resource Requirements *Summarized

- Starting Functional Deficit - \$11.5M
- Base Expense Changes - \$16.2M
- Service Level Review Maximum Potential – (\$3.448M)
- Added debt servicing

Revenues –

- Estimated/Planned Growth - \$1M
- Increased Self-Owned Utility MCAF - \$3.9M
- School Board Transit - \$600K
- Fleet Resourcing - \$600K
- Dispatch Contract - \$128K



 THE CITY OF Red Deer

BUDGET 2025 IN VIEW

HELP BRING BUDGET 2025 INTO VIEW.

This is your chance to influence how
The City's budget is spent – from roads
and parks to infrastructure and recreation.

Join us **online** or **in person** to have your voice
heard and help shape our community's future.

→ Visit engage.reddeer.ca
to learn how to participate.



Factors of Capital

Forecasted Funding Balance End 2024

- **LGFF - MSI \$12.066M**
 - \$15.3M 2025
- **CCBF ("Gas Tax") - (\$3.6M)**
 - Timing Impact
 - \$5.9M 2025
- **CPR - \$13.162M**

Annual Activity Summary:

 - Amenity & Growth Contribution: \$11.8M
 - Annual One-Time Contribution: \$8M
 - Debt Servicing **(\$16.4M)**
- **Available Debt Capacity (Maximum Gross)**
 - **Self Imposed Limits: \$148M**
 - **Legislated Limits: \$291M**

Average Capital Expenditure Programs (Net of Utility Capital)

- **Scope of Spending - \$50M - \$100M**
- **Current Draft 10 YR Plan**
 - **Compounding to \$75M - \$150M**
 - **Deferring capital programs year over year previously**
- **Future Annual Working Capital**
 - **\$26.2 M**
 - **LGFF: \$15.3M**
 - **CCBF: \$5 M**
 - **Net CPR: \$5M**

Summary -
(Based on a minimal
\$50M/Yr capital spend)
*Capital is underfunded
\$24M/Yr

Considerations & Bold Moves

- **Tax Increases: \$1.6 M / 1% (*appx)**
 - (\$17M = 10.6%) - (\$19M = 11.9%)
 - **Dedicated Capital Contribution Increase**
- **Utility Dividends / Rate Changes**
- **Advocacy**
- **Core Municipal Service vs. Programming**
- **One-Time Cash Injections: Disposition of Assets**

- **Administrative Reductions - Impacting & Eroding Administrative Effectiveness**
- **More Granular**
 - Fees & Charges
 - Regional Customer Rates
 - Subsidized Services
 - Transit
 - Recreation
 - Etc.
- Planned Variance in 2025



Work to Come

Overall Cash-Flow Forecasting

- Growth/Inflation Contributions
- Capital/Asset Infrastructure Forecast
- Net Revenue Contribution Requirements

Debt Analysis

- Repayment Schedule to Debt Limits
- Borrowing Rate Forecasts

- Re-Evaluated 10 – Year Capital Plan (Understanding Increased Tolerance for Risk)
- Reconcile/Understand Growth Forecasting
- Resource Analysis & Benchmarking

Final Budget Report/Presentation –

Gap Report & Strategy (November 11-22, 2024)



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