

2016 OPERATING BUDGET

**BALANCING VISION
AND ECONOMIC
REALITY**

WWW.REDDEER.CA/BUDGET

What is an operating budget?

The annual operating budget shows the day-to-day costs of delivering programs and services. The operating budget maintains the services, programs and infrastructure that support 100,807 residents within our growing city.

What is a capital budget?

The capital budget indicates the funds needed for the first year of the 10-year capital forecast period. It is how we pay for major projects such as reconstructing streets; building and improving public facilities such as recreation facilities, community centres, parks and fire halls; dealing with growth pressures such as new streets; and new initiatives. These costs are similar to adding an addition to your home this year.

The City of Red Deer uses an Enterprise Business Plan (EBP) to prepare the budget. This ensures we align the direction and priorities with the resources required. Council provides its direction through the Strategic Plan which gives administration the vision and framework to plan for the upcoming year. The Strategic Plan provides a path, focus and purpose in all the services that The City provides. The Strategic Plan is the most important plan for The City as it shapes the organization, municipal programs and services provided to citizens of Red Deer. The budget process really translates strategy into action. As administration develops the operating budget, the goal is to balance vision and economic reality.

THE GUIDELINES FOR THE STRATEGIC PLAN ARE:

CITIZEN FOCUSED SERVICE

ACCESSIBLE AND WELCOMING COMMUNITY

STRATEGICALLY ORIENTED LEADERSHIP

VISION

Innovative Thinking / Inspired Results / Vibrant Community

MISSION

The City of Red Deer works together to provide leadership and sustainable municipal services for our community.

THE THREE THEMES FROM THE 2015-2018 STRATEGIC PLAN ARE:



DIALOGUE

Engaging our community and enhancing our relationships



COMMUNITY AMENITIES

Planning great spaces and places for community living



FINANCIAL LEADERSHIP

Creating a sustainable financial foundation

These three themes are complemented by work still being completed on five of the themes from the previous strategic plan:



IDENTITY

Identify and promote our Red Deer identity



SAFETY

Enable and promote a safer community



MOVEMENT

Design for and facilitate integrated movement



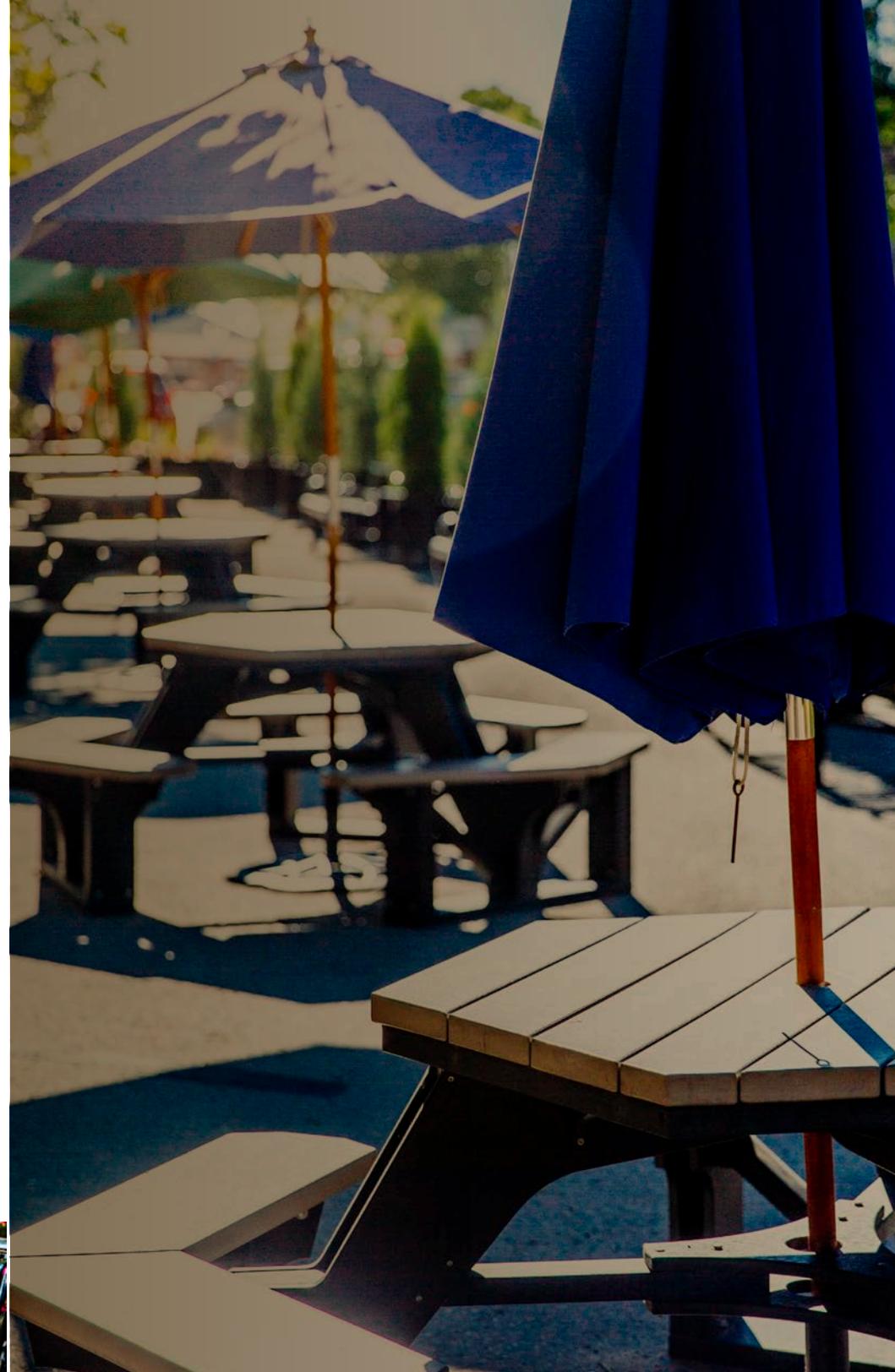
DESIGN

Design and plan our community to reflect our character and values



ECONOMY

Shift our primary economic development focus and activity to within Red Deer



How are we implementing the 2015-2018 Strategic Plan?

For each theme in the 2015-2018 Strategic Plan, administration is moving on continued or new action items in 2016:

Dialogue:

- **Public participation toolbox** – full implementation in 2016
- **Public Advisory committees** – continue review in 2016 as a tool for dialogue and engagement with citizens
- **Government relations** – continue to place a high priority on advocacy with the Provincial and Federal governments

Community Amenities:

- **Short term** – efforts will focus on the approved capital plans and commitment to welcoming the country to Red Deer for the 2019 Canada Winter Games
- **Long term** – focus on the development of a long term plan for community features that reflect our city’s authenticity, priorities and interests

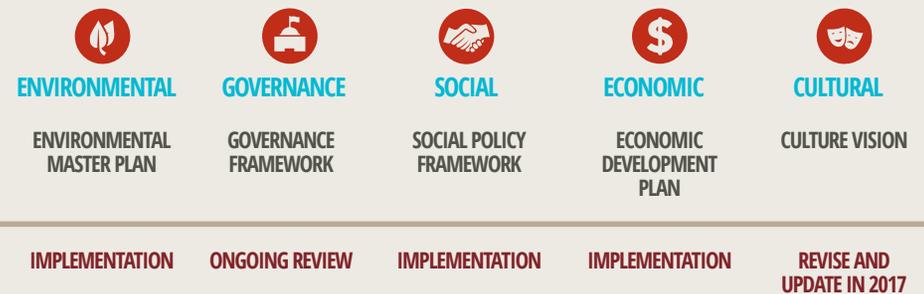
A FAR is a Funding Adjustment Recommendation submitted by the departments for consideration in the operating budget.



Financial Leadership:

- Continue work on building community confidence in our ability to deliver services encouraging investment in our community.
- Demonstrate that The City is exploring alternate ways for delivering services with measures and metrics that are more easily understood and can be communicated regularly to the public.
- Modify capital and operating budget format to show projects and initiatives by function rather than by division or department.
- The Value for Money Audit project is now underway in the building and development area.

The City’s strategic plan also serves as its sustainability plan. By aligning the two plans, we have adopted the best practice of integrating sustainability across the five sustainability pillars:

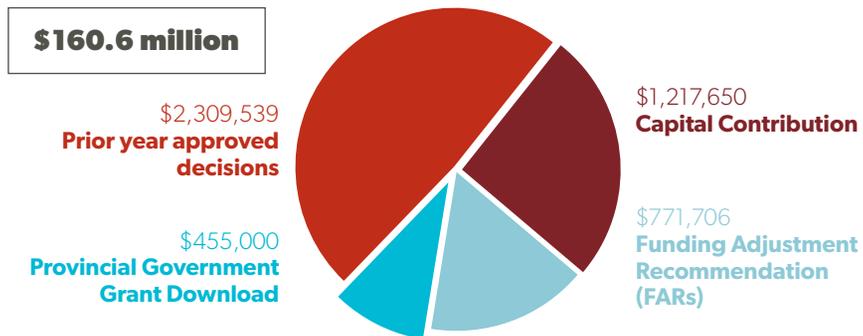


How did we get here?

The 2016 Capital Budget of \$160.6 million was adopted by City Council in November 2015. It was developed within a framework of The City’s 10 year capital plan. This long term planning allows some projects to be deferred and others to be funded over a longer term.

The 2016 Operating Budget being recommended by administration considers the following:

- City Council guidelines that call for a 1% capital contribution (amenity and growth) amount in the 2016 and 2017 Operating Budget as prior approved items approved by Council in the 2015 Operating Budget.
- City Council guidelines that call for a property tax revenue requirement that does not exceed 5% for the 2017 and 2018 Operating plan.
- A \$455,000 reduction in grant funding from the provincial government, which previously paid for provincial property taxes.



With this in mind, administration is recommending a 2016 Operating Budget of \$341.9 million that will see a 3.78 per cent tax increase.

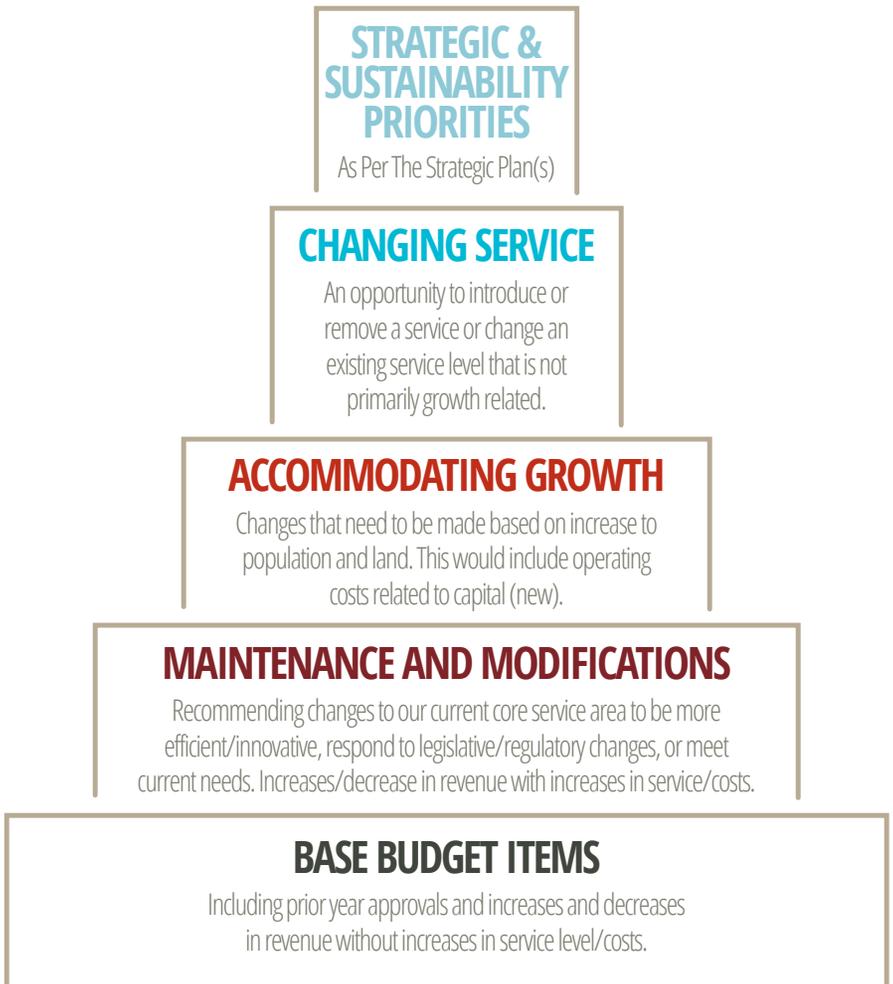


Planning the operating budget

The operating budget went through an extensive review process. It is based on initiatives in the individual departmental service plans and the three themes adopted by Council’s Strategic Plan.

The operating budget includes prior year carry forwards, impact of prior year budgets, funding adjustment recommendations and cost savings.

Reference the operating budget “layer cake” below for more details:





Community input

One of The City’s priorities is to obtain public feedback to build the capital and operating budget. Throughout the year, The City conducts multiple public participation opportunities for our citizens including Let’s Talk hosted annually in April, Budget Open House, displays, discussions and surveys at the Farmer’s Market, Ad Hoc Committees and ongoing open houses for projects. The City also conducts the Ipsos Reid Citizen Satisfaction Survey which is statistically accurate. In 2015, respondents were asked about their overall satisfaction with City Services. The results were that 92 per cent of respondents were very satisfied or somewhat satisfied.

In terms of value for taxes, 83 per cent said they get very good value or fairly good value for their tax dollar. When asked about balancing taxes and service delivery levels, the results were:

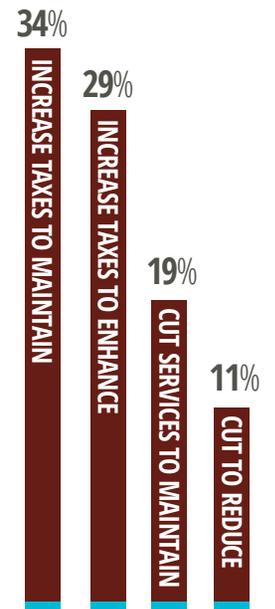
34 per cent said to increase taxes to maintain services at current level

29 per cent said to increase taxes to enhance or expand services

19 per cent said to cut services to maintain current tax level

11 per cent said to cut services to reduce taxes

The overall goal for the 2016 operating budget is balancing vision and economic reality.



The capital budget was approved on November 25, 2015

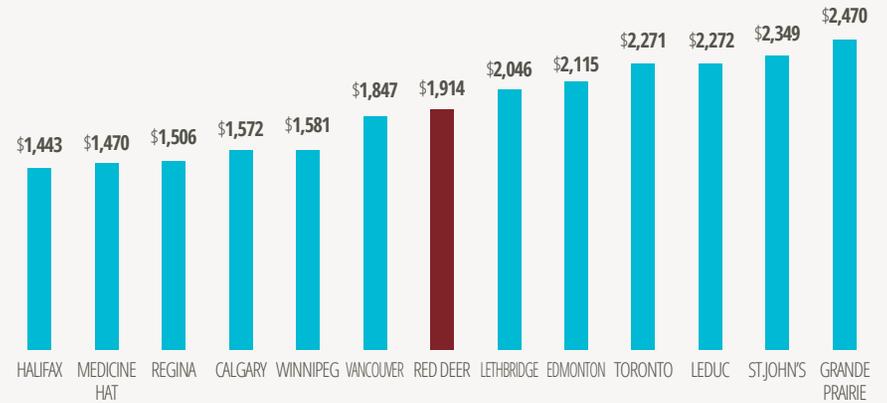
How do we compare?

- According to a 2014 Canadian Federation of Independent Business survey, Red Deer ranked as the eighth most entrepreneurial city in Canada.
- A study conducted by the American Cities of the Future ranked Red Deer as the ninth top city for business friendliness for 2013/2014, the highest ranked micro-city in Alberta.
- Alberta Venture ranked Red Deer as one of the 25 best communities for business in Western Canada this year.
- The Express Employment Professionals ranked Red Deer as having the eighth hottest job market in Canada for 2014.

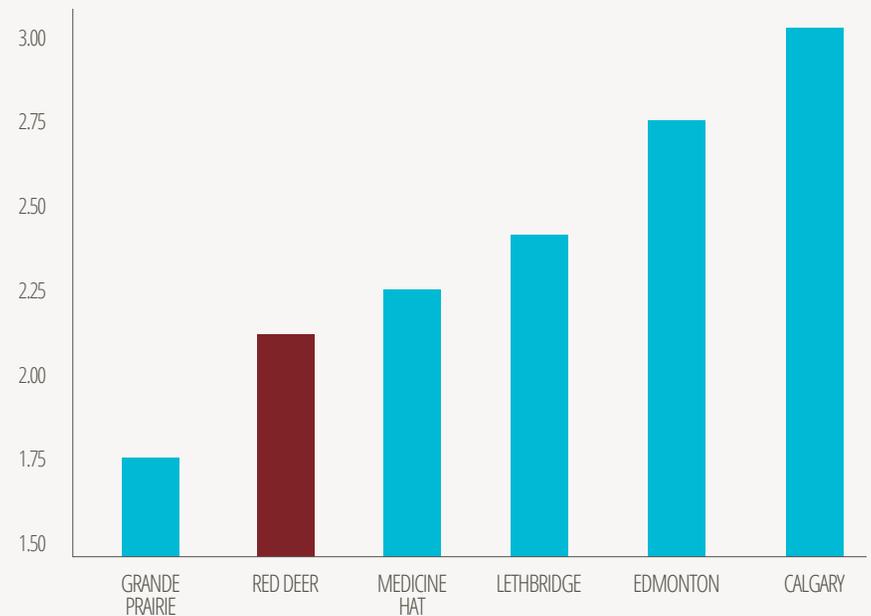
ON THE FOLLOWING PAGE:

The first graph shows how Red Deer compares to other Canadian cities when looking at municipal taxes only, followed by a comparison of residential and commercial tax rate ratios, showing Red Deer has one of the lowest commercial tax rates in Alberta.

Municipal Property Tax for Representative Bungalow House in 2014



2015 Residential to Commercial Tax Rate Ratios



Source: The City of Calgary 2013 Residential Property Taxes and Utility Charges Survey



Economic Reality

In early January, 2016, City administration will present the recommended 2016 operating budget to City Council. This budget is based on service levels set by Council, and includes approved capital projects.

The reality:

- According to the Conference Board of Canada:
 - » *Red Deer's economy is forecasted to drop 1.2% in 2015 following a rise of 3.4% in 2016. This is projected to cut employment 3.6% and raise unemployment to 6.7% (5.8% projected last year).*
 - » *Manufacturing output is expected to rise only 0.1% due to ongoing weakness in the Canadian dollar.*
 - » *Red Deer's service sector is expected to expand at a rate of 0.4%, the slowest since 2009. A 1.9% expansion was previously projected.*
 - » *The decrease in oil prices will result in Red Deer's economic output shrinking with primary and utilities output falling 2.5%.*
 - » *2016 is projected as a recovery year with 1.5% growth. Employment growth is only projected at 0.6%.*
- Projected revenue from new growth (assessment) reduced by \$500,000.
- Base Provincial Municipal Sustainability Initiative (MSI) grant has been reduced by 20% - offset in 2015 with one-time funding.
- Increases in Family Community Support Services (FCSS) funding have been promised but The City will need to fund its matching share (20%).
- Significantly lower revenue from land sales. However, this value is not lost and ensures residential and industrial land is readily available.
- The Ipsos Reid and online surveys show a high level of satisfaction with City services.
- The community's top priorities for action over the next year are investment in transportation and crime prevention.

City budget documents must be considered as a means of implementing Council and community vision.

The City's budget is where vision meets reality

Who can you contact for questions?

For general inquiries, you can email budget@reddeer.ca, or contact one of the following:

CITY COUNCIL

Mayor Tara Veer
403.342.8154

Councillor Buck Buchanan
403.343.6550

Councillor Lawrence Lee
403.318.8862

Councillor Lynne Mulder
403.341.6418

Councillor Tanya Handley
403.596.5848

Councillor Paul Harris
403.341.3352

Councillor Ken Johnston
403.358.8049

Councillor Frank Wong
403.347.6514

Councillor Dianne Wyntjes
403.505.4256

ADMINISTRATION

Craig Curtis, City Manager
403.342.8156

Dean Krejci, Chief Financial Officer
403.342.8204



WWW.REDDER.CA/BUDGET



THE CITY OF RED DEER
4914 - 48 AVENUE (BOX 5008)
RED DEER, AB, CANADA T4N 3T4

www.reddeer.ca    

