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January 2020
2020 Operating report
Director of Corporate Services on behalf of the EBP team

Report Summary & Recommendation

The report and subsequent documentation is the recommended 2020 Operating Budget and 2021-2023 Operating Plan from Administration. It was prepared:

- To comply with budget guidelines from City Council
- Sensitive to the economic conditions within our community
- With a focus on the basic delivery of municipal services
- Mindful of our commitment to financial leadership and sustainability.

Between January 7 and January 13 Council will be asked to approve a 2020 Operating Budget for The City of Red Deer and an Operating Plan in principle that covers the years 2021-2023.

CITY OF RED DEER				
2020 Operating Budget (Summary of Gross Revenue & Expenses)				
Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Revenue				
Tax Levy	136,417,014	140,025,353	2.65%	3,608,339
User Fees and Sales of Goods & Services	178,851,731	184,297,578	3.04%	5,445,847
Other revenue	45,174,684	42,171,747	(6.65%)	(3,002,937)
	360,443,429	366,494,678	1.68%	6,051,249
Other Transfers				
Transfers	13,728,905	19,177,734	39.69%	5,448,829
	13,728,905	19,177,734	39.69%	5,448,829
Gross Expenses				
General Programs	8,145,479	9,061,655	11.25%	916,176
City Manager Division	6,064,640	6,087,516	0.38%	22,876
Corporate Services Division	23,946,633	24,701,729	3.15%	755,096
Development Services Division	170,150,114	176,769,483	3.89%	6,619,369
Community Services Division	75,554,066	76,089,379	0.71%	535,313
Planning Services Division	14,560,852	17,572,686	20.68%	3,011,834
Protective Services Division	75,750,550	75,389,964	(0.48%)	(360,586)
	374,172,334	385,672,412	3.07%	11,500,078
Surplus (Deficit)	-	-		-

Tax Levy – the total amount of property taxes charged for municipal programs only; it does not include the property tax collected for the provincial school requisitions and other requisitions.

User Fees and Sales of Goods & Services – the revenue generated from user fees related to consumption of service, ambulance and dispatch fees, transit fares, facility rentals and fees, land sales and other fees.

Other Revenue – the revenue generated from government grants, municipal consent and access fees (MCAF – also known as franchise fees), fines and penalties, licenses and permits and investment income.

Transfers – depreciation offsets and transfers to / from reserves

General Programs – includes property tax related expenditures, corporate provisions and payroll benefits

City Manager Division – includes Mayor and City Manager department, Human Resources department and Communications & Strategic Planning department

Corporate Services Division – includes Revenue and Assessment department, Information Technology Services department, Legislative Services department and Financial Services department

Development Services Division – includes Engineering Services department, Public Works department, Environmental Services department and Electric, Light & Power department

Community Services Division – includes Social Planning department, Transit department and Recreation, Parks & Culture department

Planning Services Division – includes Planning department, Inspections & Licensing department and Land & Economic Development department

Protective Services Division – includes Emergency Services department and Police department

Background

Enterprise Business Planning (EBP) is the process by which the organization develops its business plans and resource requirements. Every year we prepare the operating and capital budgets based on a set of EBP Guidelines. These guidelines (step two of the EBP cycle) have two main components: the Budget Direction from Council and the instructions from Administration.

The annual operating budget shows the day-to-day costs of delivering services, programs and maintaining infrastructure for the community. The City of Red Deer delivers a diverse set of services within twenty four operating departments and a copy of the organizational chart is attached to this report. (Page 23)

Administration has prepared the operating budget to comply with Council's Budget Guidelines passed on June 10, 2019. A table listing the council guidelines related to the operating budget and Administration's response is attached to the report. (Page 22)

Discussion & Analysis

Operating Budget Summary

The Operating Budget is split into tax supported operations and utility / self-supported operations¹. Tax supported operations² are not self-sufficient based on the revenues they can generate and require property taxes to provide a balanced budget. Utility/Self-supported operations do not require property taxes and instead generate their revenue required by increases in fees or in the case of utilities the rates they charge customers.

Internal transfers are estimated as part of the budget and include charges where one department provides services to another department and transfers from utility/self-supported operations to tax supported operations. As per the Municipal Government Act, reserve transfers can be considered part of providing a balanced budget. Reserve transfers are estimated as part of the budget as well and include transfers from reserves to fund expenditures (one-time items), budgeted deficits and transfers to reserves for budgeted surpluses.

Operating Budget Summary by Type of Operation

In \$ '000s

Category	Tax	Utility/Self	Total
Expenditures	260,724	124,946	385,670
Revenues	200,983	162,101	363,084
Transfers (no reserves)	50,814	1,300	52,113
Deficit (Surplus)	8,927	(38,455)	(29,527)
Transfer (from) to Reserves	(5,519)	38,455	32,936
Tax increase required/Utility user fees required	3,408	(0)	3,408

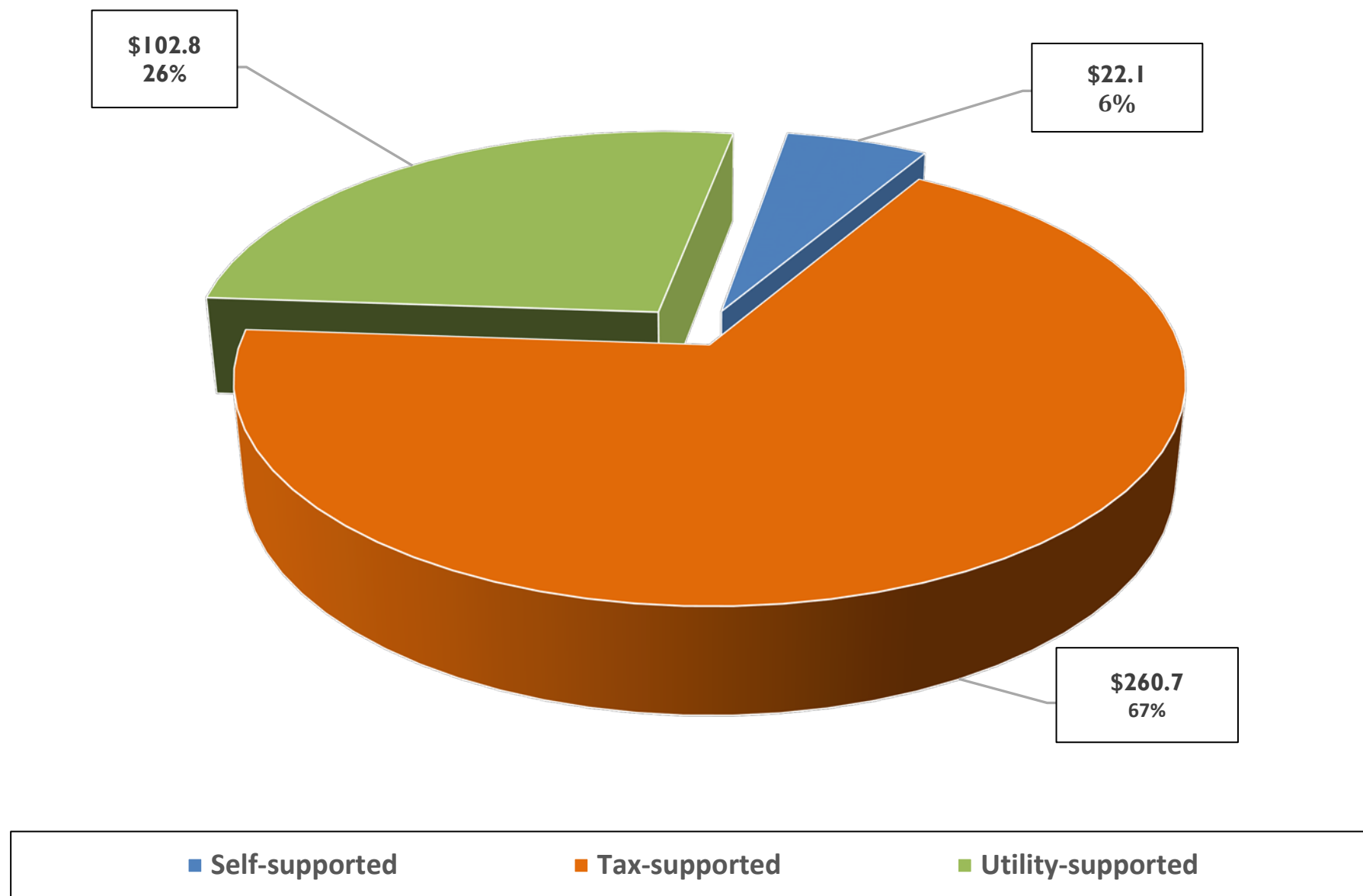
For tax supported operations budgeted expenditures and revenues are \$260.7 million and \$201 million respectively. There are an additional \$50.8 million of transfers (revenue) which includes items such as support cost allocations for corporate service departments, franchise fees, dividends and depreciation offsets. This results in a net deficit of \$8.9 million which is then partially offset by a transfer from reserves of \$5.5 million. The remaining \$3.4 million is the increase in tax revenue required to balance the budget.

For utility / self-supported operations budgeted expenditures and revenues are \$124.9 million and \$162.1 million respectively. There are an additional \$1.3 million of transfers (revenue) which includes items such as support cost allocations for corporate service departments, franchise fees, dividends and depreciation offsets. This results in a net surplus of \$38.5 million which is then offset by a transfer to reserves of \$38.5 million.

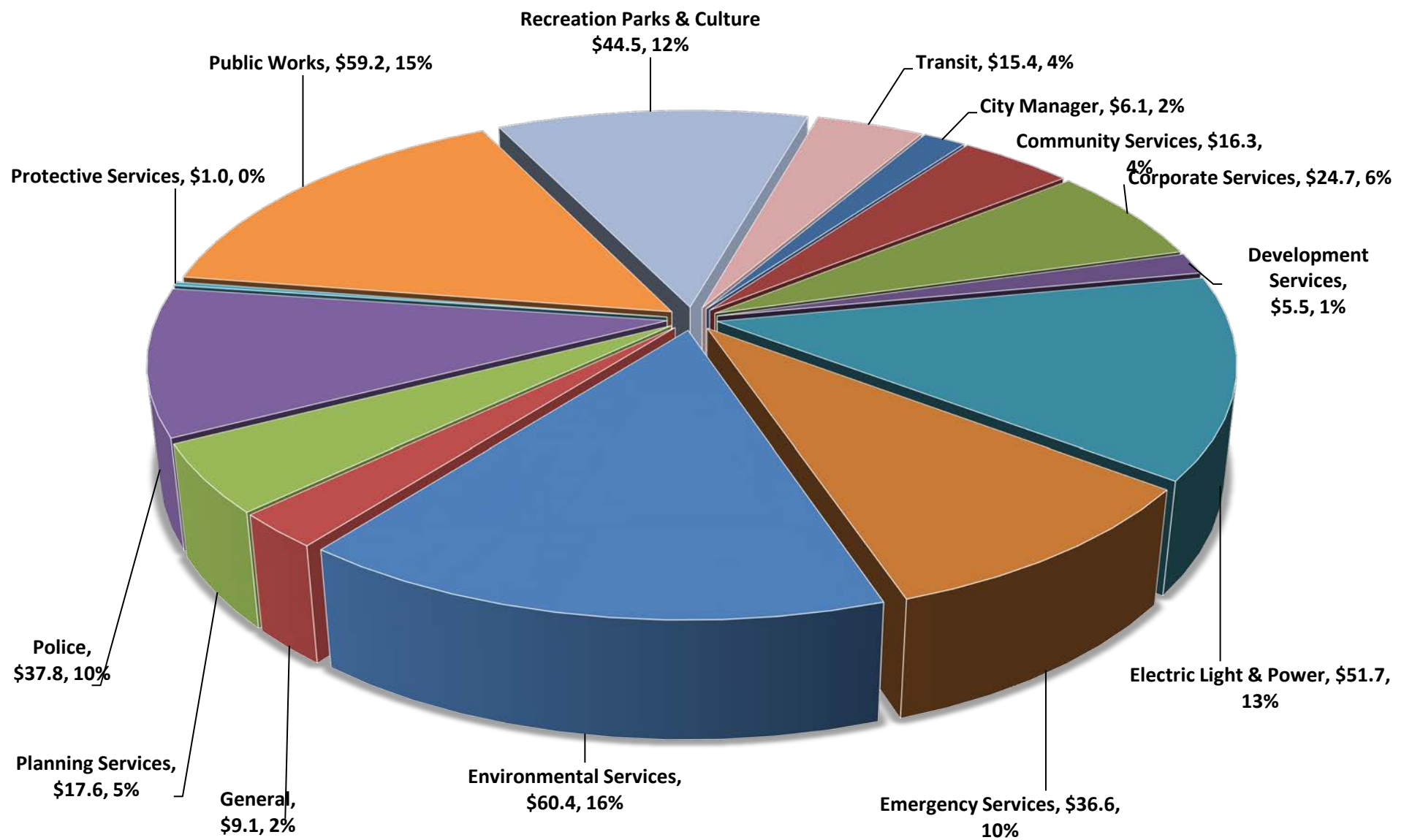
¹ Utility/Self-supported operations are Electric, Light & Power Utility, Water Utility, Wastewater Utility, Solid Waste Utility (includes garbage collection, landfill and recycling), Land Bank and Subdivision Development, Parking, Fleet Operations

² Tax supported operations are Communications, Human Resources, Mayor & City Manager's Office, Community Services Directorate, Recreation, Parks & Culture, Social Planning, Transit, Corporate Services Directorate, Financial Services, Information Technology Services, Legislative Services, Revenue & Assessment Services, Development Services Directorate, Engineering Services, Public Works, Storm Water, Street & Traffic Lights, Planning Services Directorate, Inspections & Licensing, Land & Economic Development, Planning, Protective Services Directorate, Emergency Services, RCMP & Municipal Policing Services

Total Expense by Fund for 2020
\$385.7 Million (in millions)



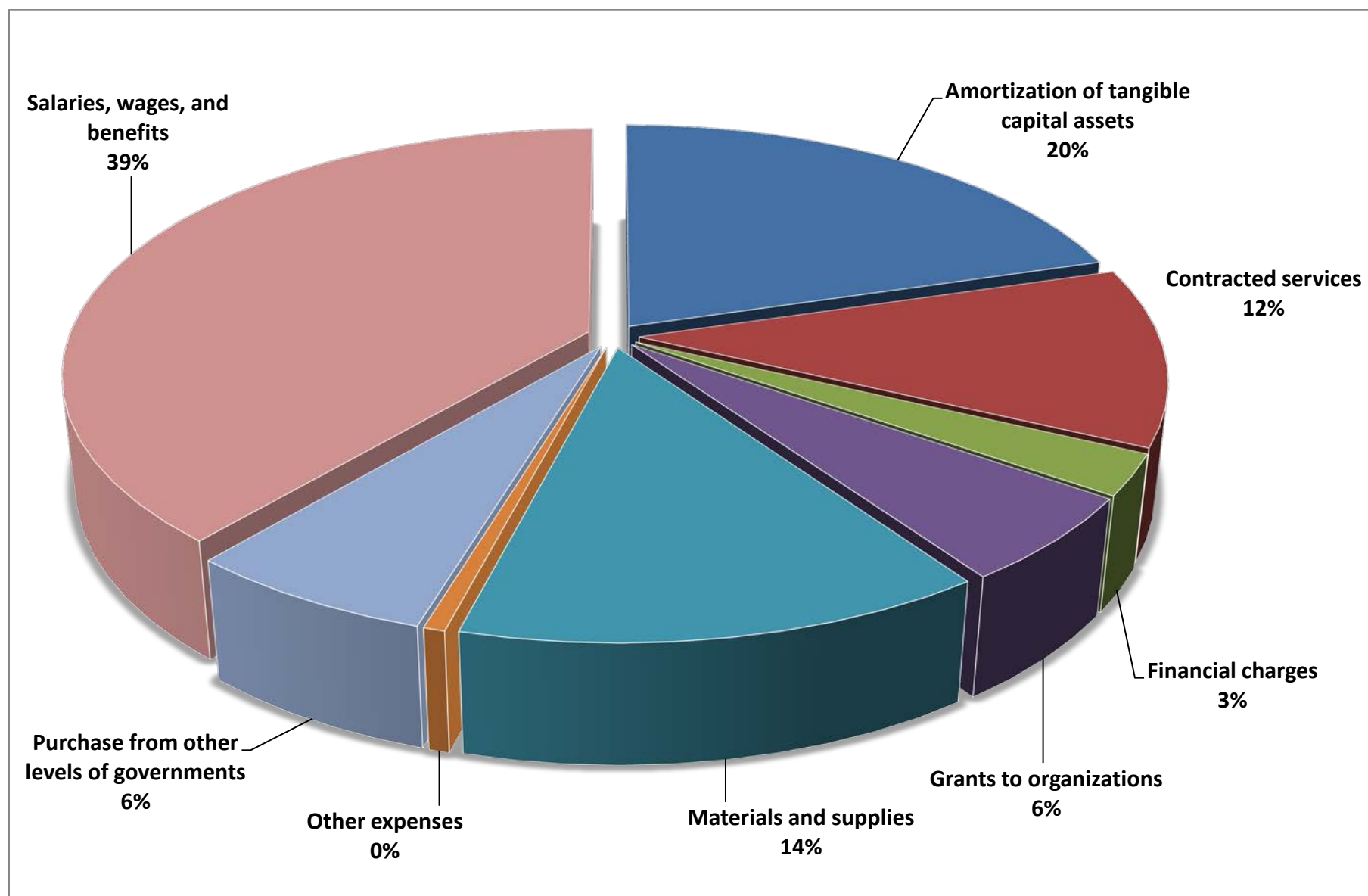
Total Expense by Department for 2020 \$385.7 Million (in millions)



Total Expenses by Department (in millions)

Department	2020 Operating Budget	%
City Manager	\$6.1	2%
Community Services	16.3	4%
Corporate Services	24.7	6%
Development Services	5.5	1%
EL&P	51.7	13%
Emergency Services	36.6	9%
Environmental Services	60.4	16%
General	9.1	2%
Planning Services	17.6	5%
Police	37.8	10%
Protective Services	1.0	0%
Public Works	59.2	15%
RP&C	44.5	12%
Transit	15.4	4%
Grand Total	\$385.7	100%

Total Expense by Category for 2020 \$385.7 Million (in millions)



Total Expenses by Category (in millions)

Types of Expenses	2020 Operating Budget	%
Amortization of tangible capital assets	\$78.7	20%
Contracted services	45.0	12%
Financial charges	10.3	3%
Grants to organizations	21.6	6%
Materials and supplies	53.0	14%
Other expenses	2.2	1%
Purchase from other governments	25.2	7%
Salaries, wages, and benefits	149.7	39%
Grand Total	\$385.7	100%

The proposed 2020 Operating Budget is \$385.7 million. This represents a 4.16% increase compared to the 2019 Operating Budget of \$370.3 million. The significant changes (increase / (decrease)) from 2019 are as follows:

Salaries, wages and benefits		
Personnel Provision (contract adjustments)		\$ 1,986,441
Personnel vacancy factor adjustment		\$ (1,257,900)
Operating impact from capital		\$ 910,949
Police Member and Municipal Employee Resourcing		\$ 249,999
Amortization of tangible capital assets (depreciation)		
Tax-supported Guideline Changes		\$ 9,747,033
Self-supported Base Budget Changes		\$ 979,626
Material and Supplies		
Fleet Operations		\$ (420,198)
Land Bank Subdivision Capital Expense		\$ (211,926)
Electric Light and Power Transmission Charges		\$ 1,700,000
Wastewater Base Budget Changes		\$ 184,496
Contracted Services		
Fleet Operations		\$ (609,109)
Cart Program Rollout Implementation		\$ (408,947)
Waste Management Contractual Obligations		\$ (372,489)
Northside Community Centre		\$ 425,020
Public Land Acts Compliance		\$ 285,800
Provincial Highway Maintenance		\$ 275,000
Software Support and Maintenance and Operating Cost of Capital		\$ 391,800
Purchases From Other Levels of Governments		
Police Member and Municipal Employee Resourcing		\$ 440,000
RCMP Contract Vacancy Factor Adjustment		\$ (427,972)
Grants to Organizations		
Red Deer Airport Authority - Capital and Operating Grants		\$ 2,355,000
Westerner Park - Centrium Upgrades		\$ 1,000,000
Canada Winter Games Capital Contribution to Red Deer College		\$ 1,000,000
Economic Leader Priority Initiatives		\$ 850,000
Library Capital Improvements		\$ 350,000
River Bend Golf & Recreation Area - Golf Preservation		\$ 325,000
Event Hosting & Outgoing Sponsorship		\$ 325,000
Financial Charges		
Tax Supported Guideline Changes		\$ 413,996
Other Expenditures		
Increased Lifecycle Extension for Pickup Trucks (From 8 years to 10 years)		\$ (535,498)
Decrease in Grants in Lieu of Taxes		\$ 700,000

2020 Operating Revenues and Transfers

In order to present a balanced budget revenues and transfers are \$385.7 million for the proposed 2020 Operating Budget. As with expenditures this represents a 4.16% increase from 2019.

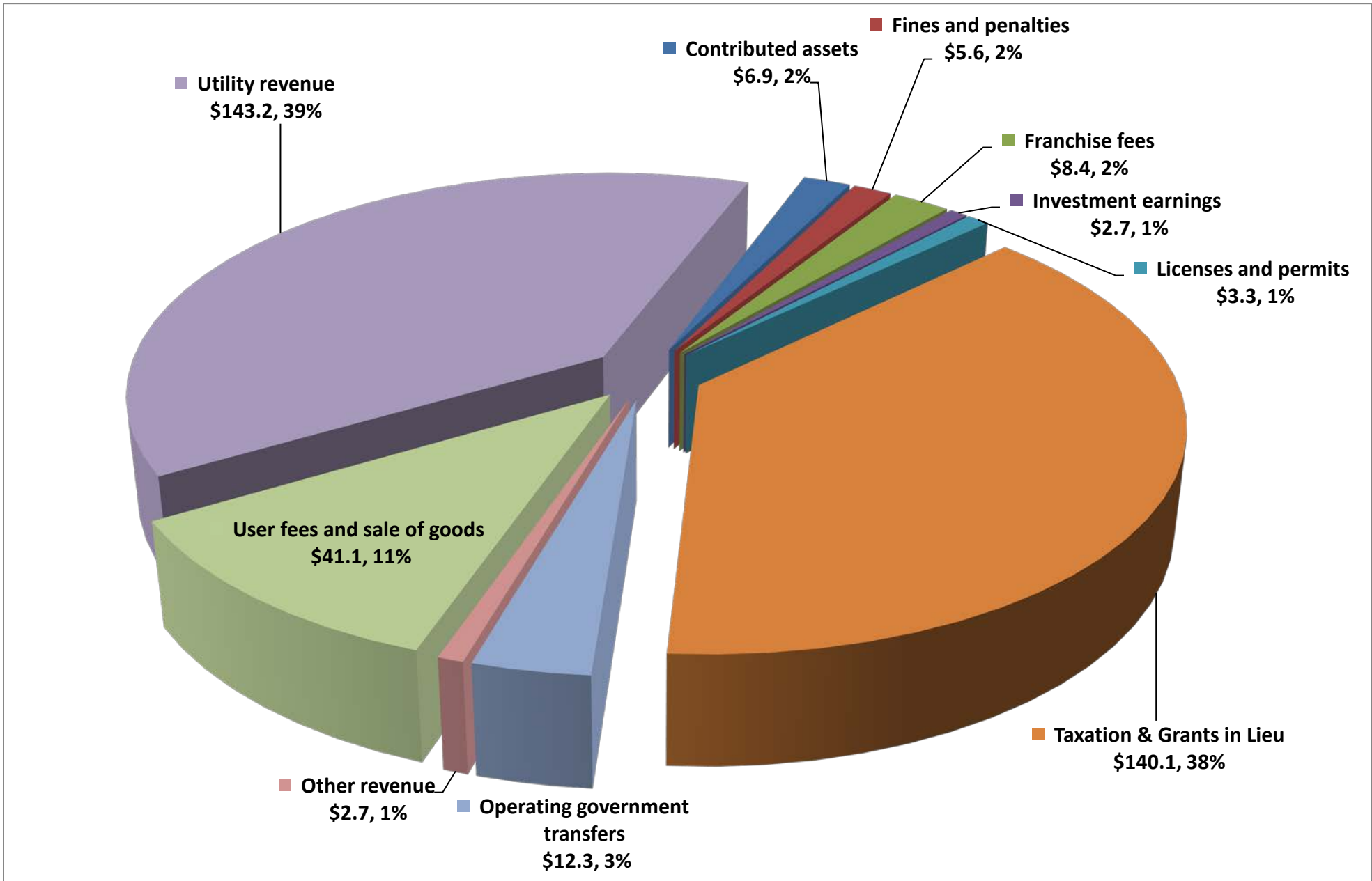
Transfers

Transfers are \$19.2 million for the proposed 2020 Operating Budget. This represents a 39.7% increase over the 2019 Operating Budget of \$13.7 million.

The significant changes (increase / (decrease)) from 2019 are as follows:

Transfers from Operations to Reserves	\$ (3,500,000)
One time Tax Supported Reserve Transfers	\$ (1,624,776)
Depreciation Offset	\$ 10,726,659
Transfers to Utility/Self-supported Reserves	\$ 8,617,000
Operating Contributions from Capital Jobs	\$ 2,758,053
Capital Contributions 1%	\$ 1,364,000

Total Revenue by Category for 2020 \$366.5 Million (in Millions)



Total Revenue by Category (in millions)

Revenue	2020 Operating Budget	%
Investment income	2.7	1%
Other revenue	2.7	1%
Licenses and permits	3.3	1%
Fines and penalties	5.6	2%
Contributed tangible capital assets	\$6.9	2%
Franchise fees	8.4	2%
Operating government transfers	12.3	3%
User fees and sale of goods	41.1	11%
Net municipal taxes	140.2	38%
Utility user fees	143.2	39%
Grand Total	\$366.5	100%

Revenues are \$366.5 million in the proposed 2020 Operating Budget. This represents a 1.8% increase compared to the 2019 revenues of \$360 million. The significant changes (increase / (decrease)) are as follows:

Utility Revenue			
Utility Growth Revenue			\$ (54,920)
ELP Transmission Charges			\$ 1,700,000
Water Base Budget Change			\$ 1,581,371
Wasterwater Reserve Transfers			\$ 1,536,211
Tax Levy			
Construction Growth			\$ 900,000
Appeal Losses			\$ (300,000)
User Fees			
Land Bank Subdivision Revenue			\$ 1,648,000
Regional Transportation Pilot Project			\$ 278,387
Investment Income			
Fleet Operations			\$ (625,370)
Tax Supported Guideline Changes			\$ (320,075)
Other Revenue			
Increase to Provincial Share of Traffic Fine Revenue			\$ (821,980)
Corporate Fleet			\$ (520,000)
ELP Wire Cost Recoveries			\$ 674,996
Gas Franchise Fee Adjustment			\$ (243,000)
Grant Revenue			
RCMP Member Contract for 2 Officers			\$ 300,000
Provincial Highway Maintenance			\$ 275,000

Tax supported

Administration has proposed a net increase of \$3,408,339 to the tax supported operating budget. This requires a 2.49% increase in property taxes.

This compares to \$2,628,488 (2.02%) for the 2018 budget and \$2,865,796 (2.15%) in the 2019 budget.

In addition to the ongoing net expenditure increases, there is also \$5.523 million of one-time net expenditures included in the operating budget. These net expenditures are funded by a transfer from reserves so there is no impact on taxation. A summary of these one-time net expenditures is listed on page 19.

Utilities

The utility increases are also within the 2.5% Council Guideline as follows:

Water - \$551,181 net increase	2.50%
Wastewater - \$559,379 net increase	2.50%
Waste Management - \$415,226 net increase	2.50%
Electric, Light and Power - \$1,142,613 net increase	2.19%

For the other self-supported operations:

Fleet - \$484,847 net increase – this amount is distributed to other operating departments so the net increase is included in those operations

Parking - \$43,252 net increase – there is no rate increase in Parking for 2020 so for budget purposes the net increase is offset by an increase in transfer from reserves

Subdivision – \$4,358,020 net increase – land sales fluctuate based on market conditions so for budget purposes the net increase is offset by an increase in transfers from reserves.

The Budget in Brief

2020 Budget Process

The budget process is tied strongly to the strategic plan which identifies Council's areas of change and focus. That along with council policies anchor the development of the recommendations such as investment in areas of safety and economic leader.

The EBP team (Corporate Services and The City Manager) worked collaboratively with all departments to recommend a 2020 operating budget to city council.

All departments were asked to submit operating requests that focused on the essential services provided by The City of Red Deer and subsequently to prioritize their requests. All submissions are carefully considered and discussed by the team. This includes reviewing their financial performances including the variance and their priorities.

The City's operating budget process includes department variance analysis, reviewing budget versus actual, tightening budget to actuals, concentrating on needs based in providing and maintaining existing current service levels to our residents.

After meeting with all departments and divisions, the EBP team reviewed the 2020 operating budget and plan with members of the Corporate Leadership Team (CLT) who support the proposed plan given the current economic climate and corporate financing.

The operating budget also addresses the need to recognize the continued economic downturn in the community, and its impact on businesses and individuals in the community. The increases to the operating budget and utility budgets are largely related to the increase in basic services, address the increased municipal costs due to provincial budget decisions, address revenue shortfall, or to address the operating costs of capital. New programs or services unless directed by Council were not funded.

This year Administration has refreshed its presentation of the capital and operating budgets. The capital budget highlighted the top twenty projects. This type of focused presentation will provide more transparency to the public on what the major types of investments they can expect and focus the discussion and debate by council.

The operating binder consists of:

- 1) Overview and highlights: The operating budget begins with a narrative on the operating budget highlights, conditions, and key changes including a financial analysis and adherence to the council budget guidelines.
- 2) Operating budget 2020: Starting on page 31 there is a summary of the operating budget for the organization followed by department summaries. Each department summary shows the change year over year with a brief description of the major changes affecting each budget. Council will be asked to approve each department's budget.
- 3) Operating plan 2021- 2023 can be found starting on page. The operating plan is presented to Council as a requirement of the MGA, and is approved in principle.
- 4) Reference material starts on page 82
- 5) Additional financial information and financial options can be found on page 77.

Budget Context

As per the Conference Board of Canada Mid-Sized Cities Outlook gross domestic product (GDP) for Red Deer is expected to grow at 1.7% for 2019 and 2.0% for 2020. These rates are comparable to 2018 but are down substantially from the annual average 4.8% growth rate for 2010 – 2014.

The recent provincial budget had a significant impact on the operating budget. Administration had anticipated a reduction in capital grants and developed a capital budget to match the reduction. The provincial reductions in areas such as grants in lieu and changes to the provincial fine revenue however, resulted in a reduction of revenue of \$1,680,500 for the 2020 operating budget. This in turn resulted in having to reduce other requested expenditures or revenue shortfalls. Only \$1,564,250 of these reductions was dealt with on an ongoing basis. The remaining \$116,250 and any additional impacts from the 2020 provincial budget will need to be addressed in the 2021-2022 multi-year operating budget.

Personnel budget and Full time equivalents (FTEs)

Personnel costs make up 39%³ of the operating budget. For 2020 the personnel provision, which is the costs to address the increase in salary and wages is rising by \$1,983,518. The largest component of this increase is a result of unionized increases approved by Council and the unions. As salaries, wages and benefits form the largest expense in The City's budget, Administration will be looking to control the increase in this line item over future years.

As part of the 2019 Operating budget, Council passed a resolution to freeze the amount of full time equivalents (FTEs⁴) at 2019 levels.

Resolved that Council of The City of Red Deer recognizing that The City has a practice of reviewing all positions as they become vacant, approves a hiring

³ RCMP Members are not included

⁴ FTE is a full time equivalent which is the number of hours worked annually by one employee on a full time basis

cap that freezes operational staffing at 2019 levels and directs the City Manager to continue the review process with the objective of identifying savings for 2020 at which time staffing levels will be reviewed.

In the recommended operating budget, Administration has reduced the overall FTEs from the 2019 level by (4.29) FTE to be 1397.91. There are a number of positions that have been reallocated or transferred to different areas in the organization to address identified priorities.

Capital budgets have an impact on the operating budget in the following ways:

- Debenture payments - \$728,627 increase
- Operating costs - \$2,014,239 increase
- Transfers to reserves - \$1,364,000 increase for capital contributions offset by a \$3.5 million reduction to reach Council budget guidelines

Agency and Community Requests

The City funds a variety of agencies: Waskasoo Environmental Education Society (WEES), Red Deer Museum + Art Gallery (MAG), Red Deer Public Library, Downtown Business Association (DBA), etc. that are included in our consolidated financial statements. Each of these agencies are provided with an increase as per the Council guidelines which is 1.5% for 2019 or the agreed to contract increase. The Central Alberta Crime Prevention Centre (CAEP), Tourism Red Deer and Central Alberta Economic Partnership are currently treated in a similar fashion.

The City also receives requests from other community groups for funding. These requests are dealt with on an individual basis, annually through the Enterprise Business Process.

Ongoing Funding Increases - \$96,942

- Tourism Red Deer will receive a 1.5% increase in the amount of \$4,010 to their contract which will now be \$271,345.
- WEES will receive a 1.5% increase in the amount of \$10,847 to their contract which will now be \$733,980.
- MAG will receive a 1.5% increase in the amount of \$13,027 to their contract which will now be \$881,494.
- Red Deer Public Library will receive a 1.5% increase in the amount of \$63,796 to their contract which will now be \$4,316,863.
- CAEP will receive a 10.7% increase or \$5,262 based on population increase which will bring their 2020 grant to \$54,216.
- River Bend Golf & Recreation Society will receive a 2.65% increase as per contract in the amount of \$7,474 which will bring their 2020 grant to \$289,491.
- DBA will receive a 2% increase as per contract in the amount of \$3,811 which will bring their 2020 grant to \$187,835.

One Time Funding to Agencies- \$802,522

- Red Deer Airport Authority will receive a 231% increase which will bring their 2020 grant to \$520,000 in total, on a one time basis
- Central Alberta Crime Prevention will receive a 1.5% increase which will bring their 2020 grant to \$162,522 in total, on a one time basis
- Volunteer Central will receive a 33% increase which will bring their 2020 grant to \$120,000 in total, on a one time basis

In the 2020 budget Administration is not recommending funding to one community request from the Red Deer Symphony Orchestra in the amount of \$125,000, one of the reasons is that receive funding from CCDF (Community Culture Development Fund).

It is important to note that The City provides funds to community groups through a variety of funds such as the CCDF, Fees for Service and also funds Red Deer & District Family and Support Services (FCSS).

Cost Savings

A corporate review was completed for cost savings that have been incorporated into the current proposed Operating Budget. There are 3 major initiatives:

1. Increase in Personnel Provision
 - There is currently an allowance in the budget for \$1 million for staff vacancies that was first instituted in 2014. These normally occur when an employee transfers to another department, transfers to another employer or retires. After a review of our variance, the allowance has been increased by an additional \$1.3 million to a total of \$2.3 million.
2. Increase in RCMP Contract Vacancy
 - There is a difference in the number of officers that are provided to the City and the number of officers budgeted. The contract budget has been reduced by \$0.428 million to allow for this difference.
3. Decrease in Transfers from Operating to Capital Reserves
 - Currently there is an annual transfer in the amount of \$23.1 million from the operating budget split between the Capital Projects Reserve and the Debt Repayment Reserve. It is proposed that this amount be reduced by \$3.5 million. Combined with the 1% capital contribution of \$1.364 million included in the budget as per Council Budget Guidelines and other adjustments, the annual transfer will be \$21.1 million.

In addition to the corporate savings above, where departments recommended a cost savings these have been included in the recommended budget.

Significant Changes and Investments

- As per Council's strategic direction (page 83) Administration is recommending:
 - Event Hosting Strategy: \$425,000 one-time to enable The City to support events such as the Canadian Finals Rodeo (CFR), Stihl Timbersports and Pickleball and fulfill sponsorship agreements. Council will still approve the individual requests received. Administration is using this approach until such time as the Sport and Event Strategy is complete and a bid commission is established. (Expected completion in 2020) (Economic Leader, Chosen Destination)
 - Economic Leader Priority Initiatives: \$850,000 one time is part of the budget to implement the seven initiatives approved by Council in its resolution September 30, 2019. These initiatives are for a 2-3 year period and will contribute to positive economic and social activity throughout the downtown. (Economic Leader)
 - Urban Encampments and Debris Cleanup on Public Lands: \$397,278 of one time funding is proposed that will fund the continued level of response for Community Police Officers, parks clean up and roadway needle collection related to rough sleeper and drug debris. (Safety)
 - Community Safety Strategy Sustainability: \$260,100 one time is proposed to continue the work of the community safety strategy and in particular support the work of the Systems Leadership Team (SLT). (Safety)
- Revenue impacts
 - The City continues to see a decrease in our revenue both in tax and utilities. To compensate for the decreases on the tax side we have continued with our practice to address the shortfall through a split on one time and ongoing adjustments. For 2020 this includes an adjustment to the Inspections and Licensing, Transit and Revenue and Assessment Departments.
- Provincial budget impacts
 - For Grants in Place of Taxes (GIPOT) there was a \$350,000 reduction in 2019 and a further \$350,000 reduction for 2020. No budget adjustment was made for 2019 so the entire reduction is in 2020 totaling \$700,000
 - Fine revenue will be reduced by \$980,500 due to Province keeping a larger portion of fines issued. The budget impact is \$864,250 on an ongoing basis and \$116,250 on a one time basis

CITY OF RED DEER				
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Tax Levy	136,417,014	140,025,353	2.65%	3,608,339
User Fees and Sales of Goods & Services	178,851,731	184,297,578	3.04%	5,445,847
Other Revenue	45,174,684	42,171,747	(6.65%)	(3,002,937)
	360,443,429	366,494,678	1.68%	6,051,249
Other Transfers				
Transfers	13,728,905	19,177,734	39.69%	5,448,829
	13,728,905	19,177,734	39.69%	5,448,829
Gross Expenses				
General Programs	8,145,479	9,061,655	11.25%	916,176
City Manager Division	6,064,640	6,087,516	0.38%	22,876
Corporate Services Division	23,946,633	24,701,729	3.15%	755,096
Development Services Division	170,150,114	176,769,483	3.89%	6,619,369
Community Services Division	75,554,066	76,089,379	0.71%	535,313
Planning Services Directorate	14,560,852	17,572,686	20.68%	3,011,834
Protective Services Division	75,750,550	75,389,964	(0.48%)	(360,586)
	374,172,334	385,672,412	3.07%	11,500,078
Surplus (Deficit)	-	-		-

Corporate Financing

Property tax overview

The property tax revenue requirement for City operations is \$3,408,339 which represents a 2.49% increase from 2019 once property tax growth due to additional construction and provincial government changes is included. This is the amount required to present a balanced budget once changes to other revenues, expenditures and transfers for tax supported operations are considered. The 2.49% meets the Council budget guideline for 2020.

Based on the property tax revenue prior to 2020 Council changes, a 1.0% change in the property tax revenue equates to \$1,366,170.

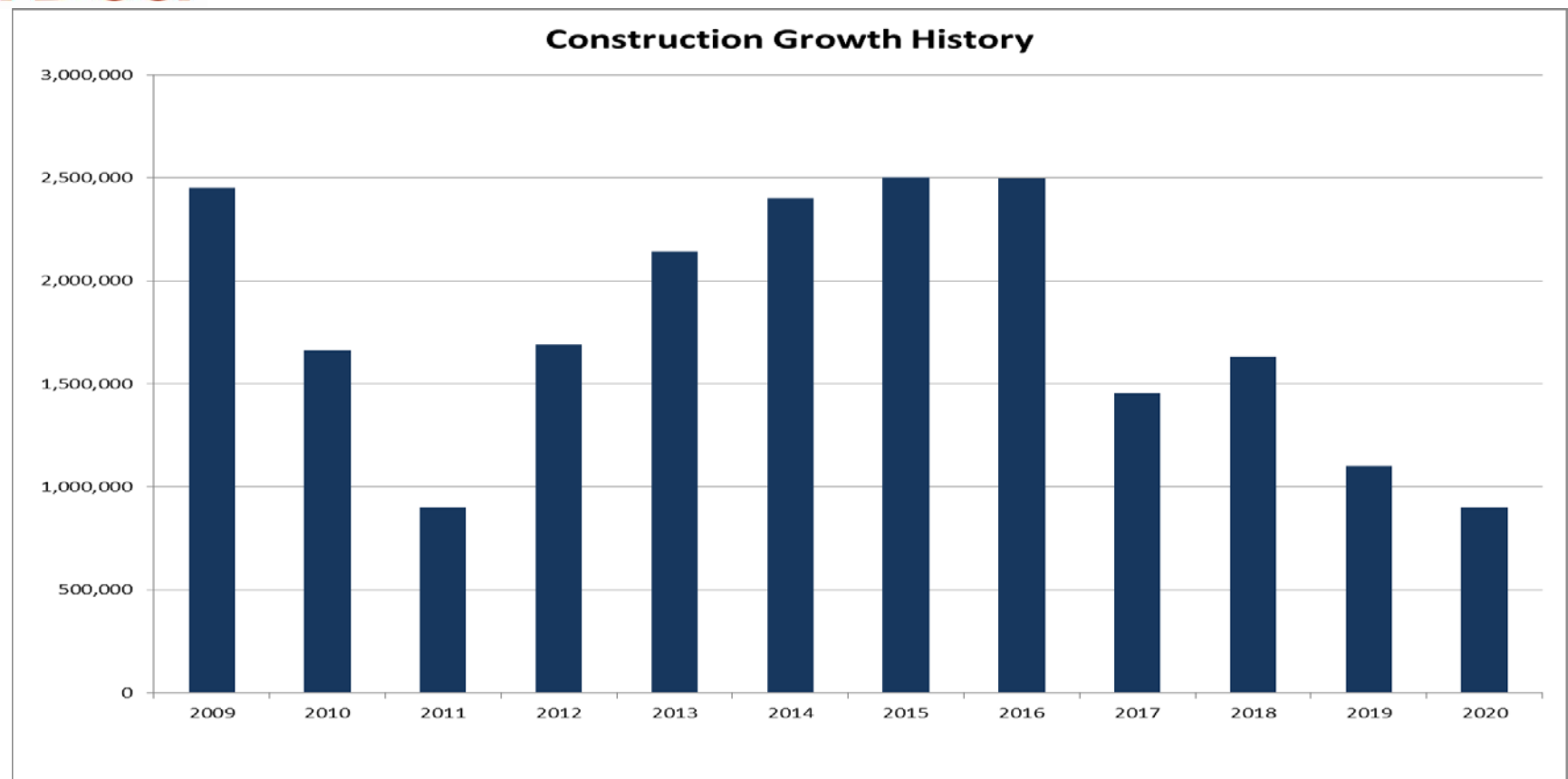
Tax Revenue Changes

	Recommended
2019 Tax Revenue	\$136,417,014
2020 Construction Growth	900,000
2020 Grants in Lieu Reduction Tax	(700,000)
Subtotal	\$136,617,014
Impacts of prior year budgets, FAR's, and cost savings	3,408,339
Total	\$140,025,353

Operating Budget Summary by Types of Operation (In \$ thousands)

Category	Tax	Utility/Self	Total
Expenditures	260,724	124,946	385,670
Revenues	200,983	162,101	363,084
Transfers (no reserves)	50,814	1,300	52,113
Deficit (Surplus)	8,927	(38,455)	(29,527)
Transfer (from) to Reserves	(5,519)	38,455	32,936
Tax increase required/Utility user fees required	3,408	(0)	3,408

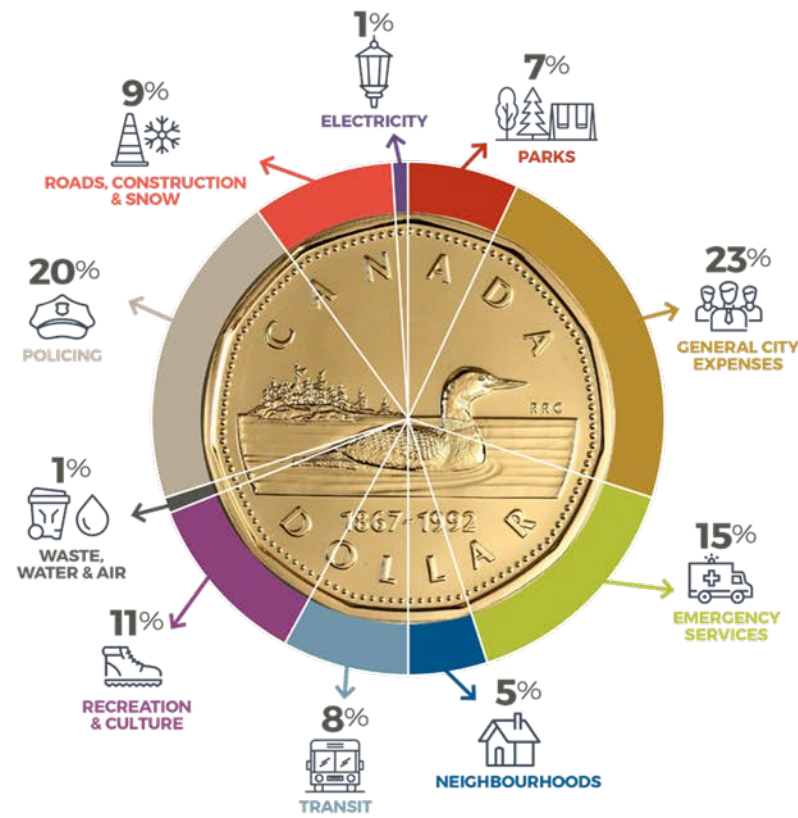
The property tax growth has been estimated at \$900,000 for 2020. This lower growth is projected based on analysis of the current economic indicators. Growth has been used in previous budgets to help fund inflation in order to balance the budget to provide municipal services. This places additional pressure on the ability to fund growth related expenditures.



Other impacts on the property tax revenue such as changes to the provincial education requisition and senior's housing requisition have not been factored in at this point as the 2020 amounts have not been provided to The City. The distribution of the property tax revenue between residential, multi-family and non-residential classes will occur when the property tax bylaw is presented to Council. When each of the above impacts is combined with changes in property assessment, the final increase in property tax for individual properties will vary from 2.49%.

For the most part, the 2020 Operating Budget as presented maintains the existing levels of service through targeted control of expenditure increases required to maintain the levels of service, accommodates the impacts of the provincial budget reductions and utilized reasonable increases in revenue considering the ability to pay.

What a Residential Taxpayer Pays for an Average Home



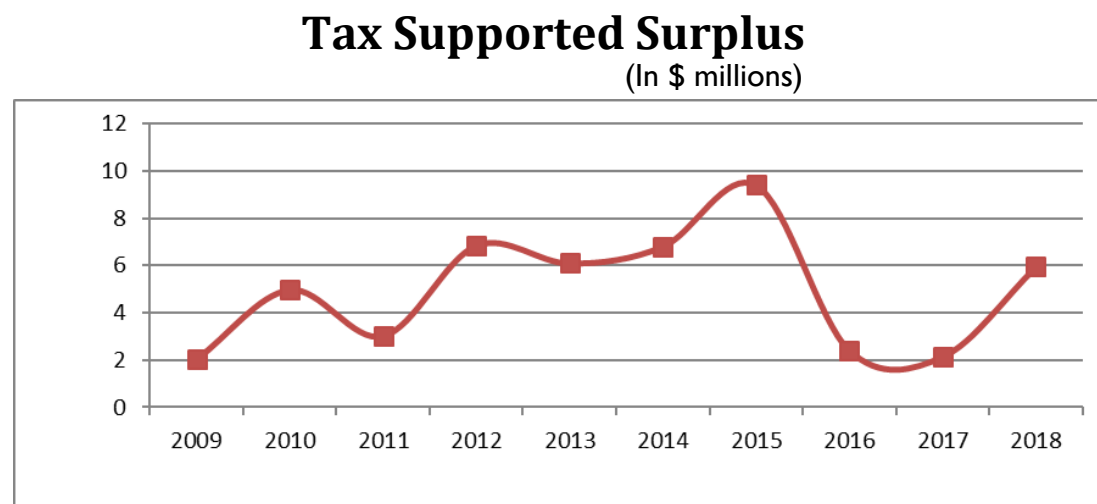
Average typical family detached home		\$ 325,000	
Proposed Property Tax Increase for 2020		2.49%	
Division/ Department	Property Tax Levy for Average Home	Property Tax Levy Increase for Average Home	%
Police	\$ 451.27	\$ 10.96	19.5%
Recreation, Parks & Culture	\$ 411.93	\$ 10.01	17.8%
Emergency Services	\$ 335.56	\$ 8.15	14.5%
Public Works	\$ 208.28	\$ 5.06	9.0%
Transit	\$ 192.08	\$ 4.67	8.3%
Informational Technology	\$ 122.65	\$ 2.98	5.3%
Community Services	\$ 113.40	\$ 2.75	4.9%
Planning Services	\$ 111.08	\$ 2.70	4.8%
Financial Services	\$ 53.23	\$ 1.29	2.3%
Development Services	\$ 50.91	\$ 1.24	2.2%
Human Resources	\$ 46.28	\$ 1.12	2.0%
Revenue & Assessment	\$ 41.66	\$ 1.01	1.8%
Legislative Services	\$ 39.34	\$ 0.96	1.7%
Corporate Services	\$ 34.71	\$ 0.84	1.5%
Communications & Strategic Planning	\$ 30.08	\$ 0.73	1.3%
Electric Light & Power	\$ 27.77	\$ 0.67	1.2%
Environmental Services	\$ 20.83	\$ 0.51	0.9%
Protective Services	\$ 13.89	\$ 0.34	0.6%
Office of City Manager	\$ 9.26	\$ 0.22	0.4%
Annual Residential Property Tax Increase for Average Home (municipal only)	\$ 2,314.20	\$ 56.22	100.0%
Monthly Residential Property Tax for Average Home (municipal only)	\$ 192.85	\$ 4.69	

Reserves

Operating Reserve – Tax Supported (ORTS)

The purpose of the Operating Reserve – Tax Supported is to fund emergencies, provide cash flow / working capital for general operations and to fund other initiatives (one-time items and carry forwards).

There is no sustainable source of funding for this reserve; funding is dependent on any surplus from tax supported operations. The following chart shows the tax supported surpluses from 2009 to 2018. The amount of the surplus fluctuates from a low of \$2.05M in 2009 to a high of \$9.41M in 2015 with a yearly average of \$4.98M over the 10 year period.



The forecast of the reserve is based on annual surpluses of \$2.5 million per year, one-time expenditures of \$2.5 million per year and carry forward expenditures of \$1.3 million per year. The one-time items amount currently included in the 2020 budget, before carry forwards are considered, is \$5.5 million. The carry forwards amount is determined in late December of each year.

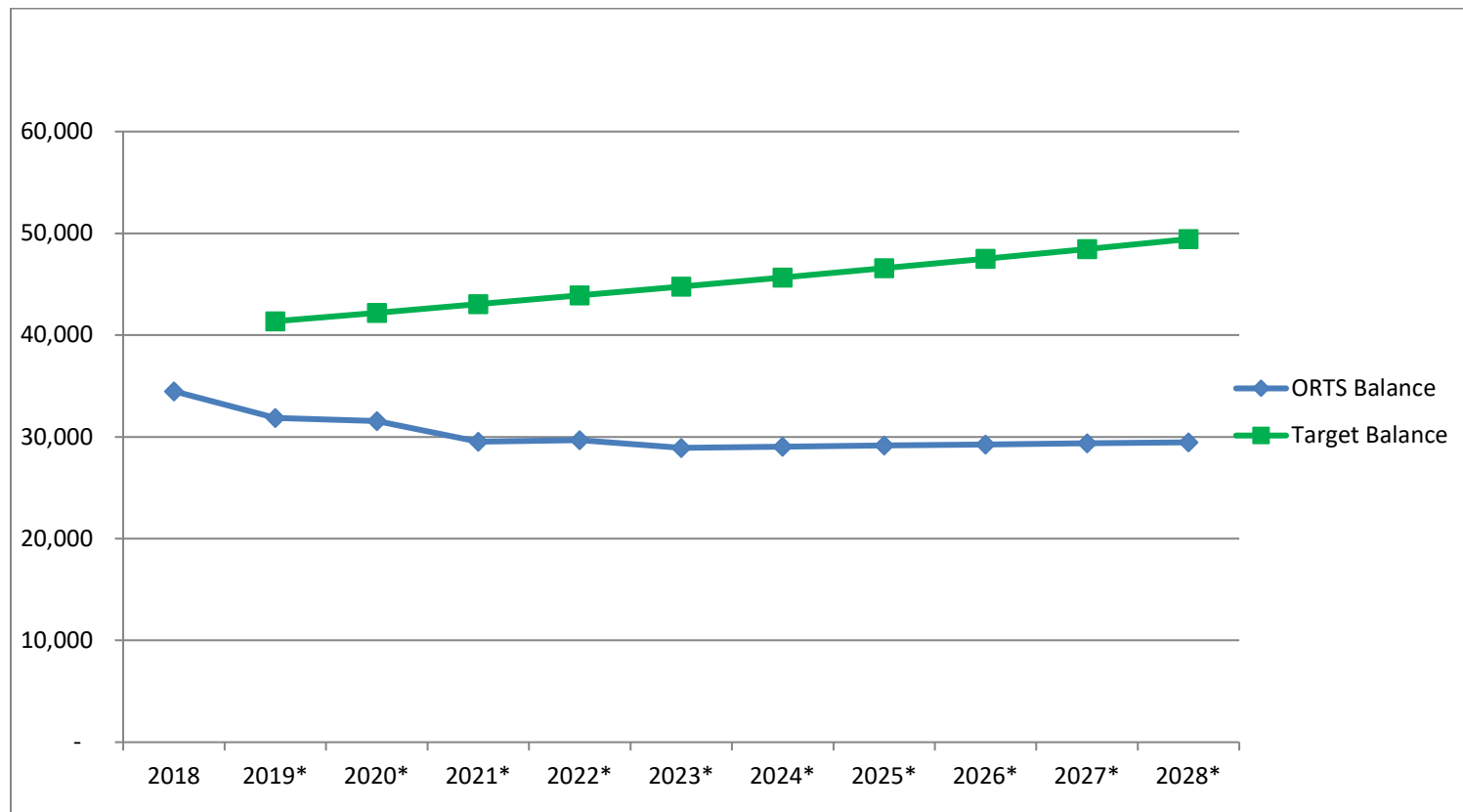
2020 One Time Operating Budget Summary (Tax Supported)

Department	Description	Amount
Prior Year Approved ¹	2019 Approved Tax-Supported One-Time Items (total of 19 requests)	\$ 1,337,990
RAS	Appeal Losses	150,000
INL	Inspection licensing revenue reduction	260,000
POL	Provincial share of fine revenue change	116,250
POL	Police Review Implementation	250,000
ENV	Stormwater Funding	150,000
CSP	Customer Service Strategy	100,000
LED	Event Hosting & Outgoing Sponsorship	425,000
LED	Economic Leader Priority Initiatives	850,000
LED	Red Deer Airport Authority- Annual Operating Grant	520,000
RPC	Urban Encampments & Debris Cleanup on Public Lands	397,278
SOL	Community Safety Strategy Sustainability	260,100
SOC	Volunteer Central Operating Funding	120,000
SOC	The Central Alberta Crime Prevention Centre	162,522
Various ²	Other Tax Supported One Time Items	424,138
	Total	\$ 5,523,278

1. Prior year approved tax-supported one time requests include items such as Stormwater Utility Implementation, Public Lands Act Compliance, and Airport Authority Annual Grant.

2. Other Tax- Supported One Time Items includes 15 requests all less than \$100,000.

Operating Reserve – Tax Supported (In \$ Thousands)

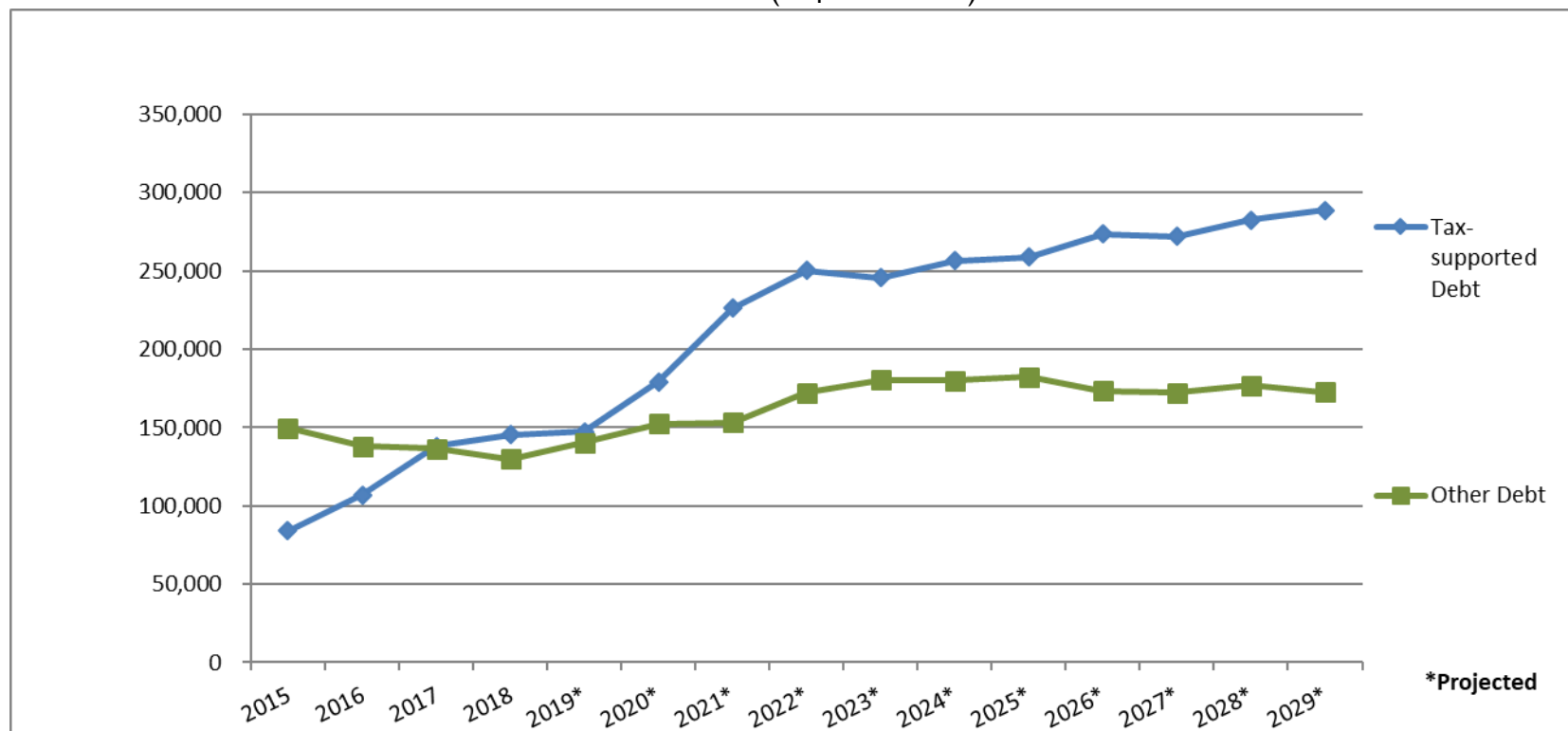


Currently there are no other initiatives besides one-time expenditures or carry forwards included in the forecast. As budgets continue to tighten, there is an increased risk that the annual reserve transfers will be less than required to fund the annual transfers from the reserve. The reserve will continue to be monitored for sustainability on an annual basis as part of the budget process.

Debt Repayment Reserve (DRR)

The purpose of the Debt Repayment Reserve (DRR) is to fund tax supported debt repayments and to provide a stable source of funding for capital projects. This reserve works with the Capital Projects Reserve (CPR) to help both reserves remain sustainable. Funds are transferred between the DRR and the CPR to achieve a balance above zero in compliance with Council Budget Guidelines.

Debt Repayment Reserve (In \$ Thousands)



For the 10 year period 2020 – 2029 there is a total of \$82.1 million of transfers from the CPR to the DRR and an additional \$2.6 million of transfers from the Operating Reserve – Tax Supported to the DRR to keep the DRR balance above zero.

The CPR is able to transfer this amount of money due to the approval of additional transfers from operating to reserves. Since 2015 The City of Red Deer has allocated 1% operating dollars towards capital to fund growth and amenities. Please see the chart below that shows the contribution since 2015.

years	1% Amenity& Growth-incremental	yearly contribution	Accumulated Balance
2015	1,154,079	1,154,079	1,154,079
2016	1,221,929	2,376,008	3,530,087
2017	1,000,000	3,376,008	6,906,095
2018	1,293,000	4,669,008	11,575,103
2019	1,324,500	5,993,508	16,414,532

Please note that this is not the only transfer of operating dollars to tax supported capital reserves. In total, there is an annual transfer of \$23.1 million to tax supported capital reserves. This total is proposed to be reduced to \$22.1 million within the 2020 Operating Budget, given current economic times the desire to keep Operating Budget tax increases to residents as low as possible.

This capital contribution is used to fund the capital budget and plan that was approved by City Council on November 18 – 19 and is critical to ensure financial sustainability. Administration will be providing corporate financing options to fund the aquatics centre in the first half of 2020. This may require changes to the way in which we establish capital reserves and the amounts we need to transfer.

The reserve will continue to be monitored for sustainability on an annual basis as part of the budget process.

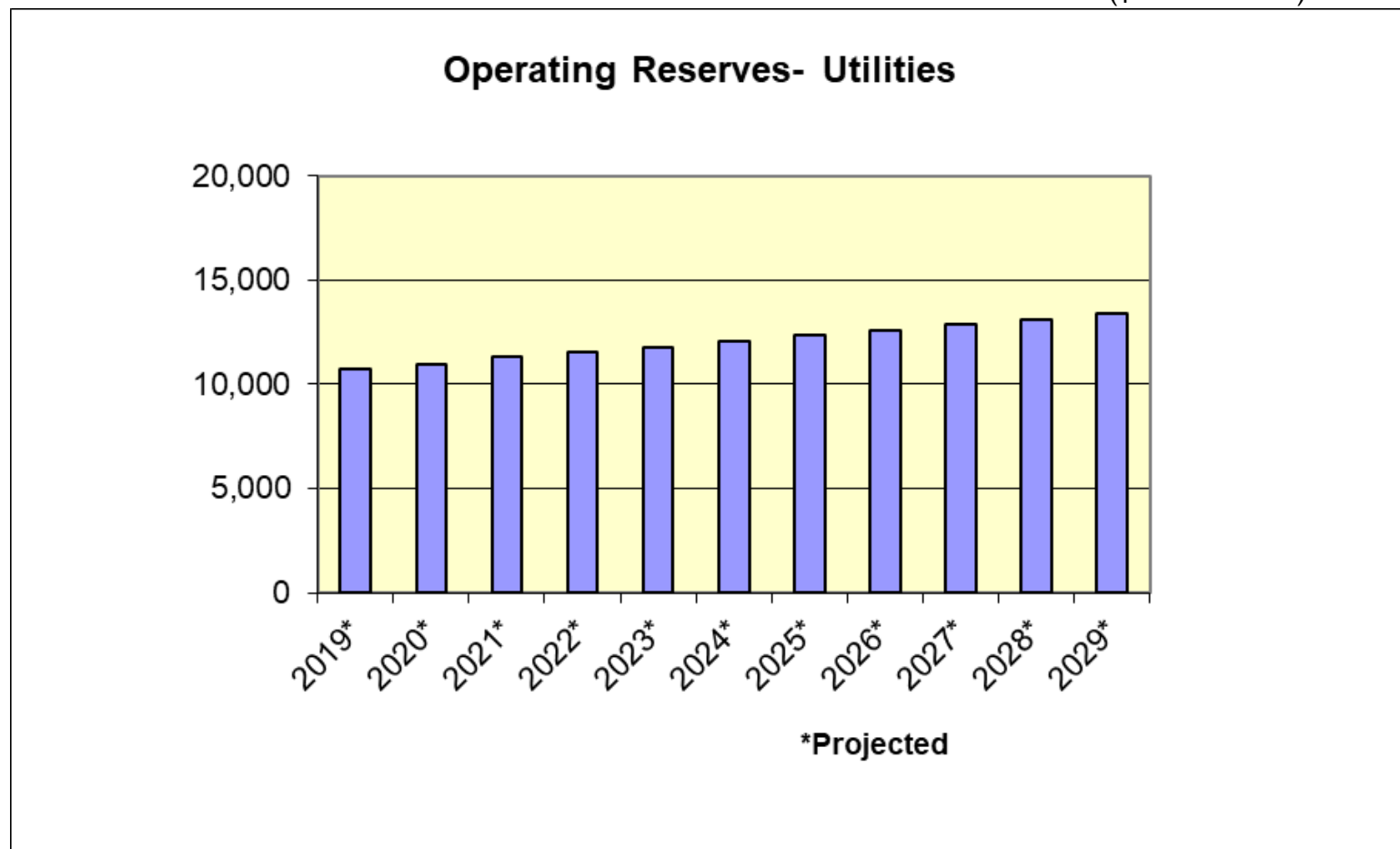
Operating Reserves – Self-Supported Operations

The purpose of these reserves is to provide working capital for the utilities. The reserves are managed in accordance with the Council Policy PS-A-2.7 Utility. Funding for the reserves is from annual surpluses from utility operations, or, if required, from transfers from the utility capital reserves.

Only the utility operating reserves for Electric, Light & Power, water, wastewater and solid waste are included in the chart below. Other self-supporting operations have reserves but they are either a combination of operating and capital or capital only. The reserves are monitored on an annual basis for compliance with the Utility policy.

Operating Reserve – Self Supported (2017 – 2029)

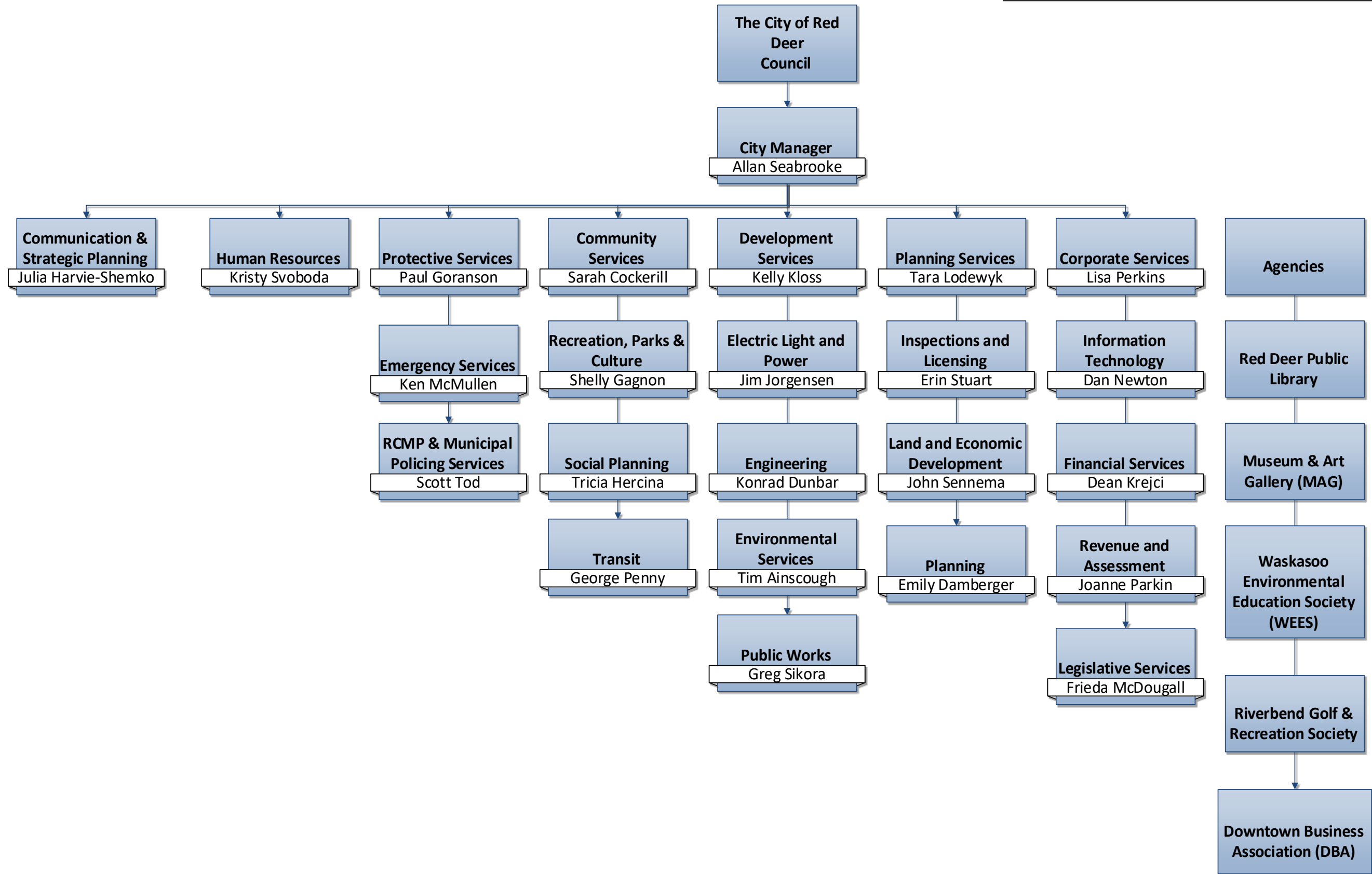
(\$ in Thousands)



Council 2020 Budget Guideline and Administration Response

Council Guideline	Administration response
A 1% capital contribution (amenity and growth) for the 2020 budget and within the plan	The 1% capital contribution is part of the operating budget recommended by Administration.
A property tax revenue requirement to be no more than 2.5% including the 1% capital contribution for the 2020 Operating Budget.	The budget recommended by Administration is 2.49%
A property tax revenue requirement to be no more than 3.0% including the 1% capital contribution for the 2021 – 2023 Operating Plan.	The plan has been built to meet this requirement. For the 2021 budget Administration will be presenting a multi-year budget
Utility rate increases to be no more than 2.5%.	All utilities are at or under the 2.5%
Cost savings	Departments were asked to look for cost savings which are built into the budget
Innovations and Efficiencies	A presentation on the key innovations of the organization will be presented during the operating budget in January
Fees and Charges	Departments were asked to prepare increases to fees based on Council policy GP.F.2.5
Council direction	
Federal and provincial grants	Grants have a greater impact on the capital budget.
FARS	FARs were submitted by all operating departments if they responded to base level service maintenance, previous capital projects, revenue or a strategic direction of council.
City agencies	Agencies were provided 1.5% increase as directed by Council.
Using the layer cake to present our operating plan	The operating budget is presented differently this year but does include an analysis by layer cake.
Providing a copy of the operating plan to the public (in hard copy and digital format) to allow for public feedback that is provided to Council	The operating budget will be placed on line and in our recreation facilities.

Agencies listed are combined with City operations for financial reporting purposes



2020 Budget: Tax Levy Requirement Change Factors

Ref	Department	Description	Total	2020 Impact on Net Tax Requirement
C1		C2	C3	C4
1.00		2019 Net Tax Levy Requirement		
1.01	GEN	2019 Net Tax Levy Requirement	\$136,417,014	
1.02	GEN	2020 Construction Growth	900,000	
1.03	GEN	Grants in lieu reduction on tax revenue	(700,000)	
			136,617,014	
2.00		Prior Year Budget Approved		
2.01	POL	Police Member and Municipal Employee Resourcing	689,999	0.51%
2.02	RPC	Northside Community Centre	425,020	0.31%
2.03	GEN	Gas Franchise Fee for Decreased Revenue	300,000	0.22%
2.04	LED	Local Tourism Program	274,532	0.20%
2.05	LGS	Legal Service	150,000	0.11%
			1,839,551	1.35%
3.00		Base Budget Items		
3.01	GEN	Personnel Provision	1,937,000	1.42%
3.02	RAS	Decrease in Grants in Lieu of Taxes	700,000	0.51%
3.03	POL	Increase to Provincial Share of Traffic Fine Revenue	864,250	0.63%
3.04	INL	Inspection & Licensing Revenue Reduction	260,000	0.19%
3.05	PWS	Corporate Fleet	318,013	0.23%
3.06	RAS	Appeal Losses	150,000	0.11%
3.07	RPC	Operating Impacts from Already Built Capital	182,443	0.13%
3.08	GEN	Support Cost Allocation Transfer to Capital Projects Reserve	123,538	0.09%
3.09	RAS	Tax Penalty Revenue Increase	(125,000)	(0.09%)
3.10	GEN	Transfers to Tax Supported Operations	(256,913)	(0.19%)
3.11	RAS	Construction Growth	(900,000)	(0.66%)
3.12	POL	RCMP Member Contract	(727,971)	(0.53%)
3.13	GEN	Personnel Vacancy Factor Adjustment	(1,257,900)	(0.92%)
3.14	GEN	Reduction of Transfer to Capital Project Reserve	(3,500,000)	(2.56%)
			(2,232,540)	(1.63%)
4.00		Maintenance and Modifications		
4.01	PWS	Gravel Lane Reconstruction	401,152	0.29%
4.02	ITS	Costs for Software Support and Maintenance	306,800	0.22%
4.03	LGS	Cost of Governance	105,000	0.08%
			812,952	0.60%
5.00		Accommodating Growth		
5.01	PWS	Roads Growth Maintenance	510,897	0.37%
			510,897	0.37%
6.00		Changing Service		
6.01	PWS	Increased Lifecycle Extension for Pick Up Trucks	(313,176)	(0.23%)
			(313,176)	(0.23%)
7.00		Strategic & Sustainability Priorities		
7.01	GEN	Contribution to Capital Reserves – growth and amenities	1,364,000	1.00%
7.02	GEN	Transfer to Operating Reserve Tax Supported (ORTS)	500,000	0.37%
			1,864,000	1.36%
9.00		Subtotal Tax Levy Change Requirement Factors	2,481,684	1.82%
10.00		Other Tax Levy Change Requirement Factors	926,655	0.68%
11.00		2020 Net Tax Levy Requirement	\$3,408,339	2.49%

2020 Budget: Tax Levy Requirement Change Factors

- 3.01 - Personnel provision: this provides for compensation related cost changes such as contract settlements, position evaluations, market adjustments, and changes in benefit costs.
- 3.02 - Decrease grants in lieu of taxes: the province has reduced the grant it pays to municipalities on provincial owned assets.
- 3.03 - Increase to provincial share of traffic fine revenue: as part of the budget, the province has increased the portion of fines it retains for all offences under the Traffic Safety Act fine revenue.
- 3.05 - Corporate Fleet: the Fleet is responsible for procuring, repairing, maintaining and disposing of the City's vehicles and equipment.
- 3.06 - Appeal losses: the City has seen an increase in the amount of appeal losses over the past several years.
- 3.07 - Operating impacts from already built capital. This represents the Recreation Parks and Culture operating costs associated with capital projects previously constructed/approved projects.
- 3.08 - Support cost allocation transfer to Capital projects reserve: as support cost allocations include depreciation it is recommended to allocate that portion to the Capital Projects Reserve (CPR).
- 3.09 - Tax Penalty revenue increase: the City applies a penalty for the late payment of taxes.
- 3.10 - Transfers to tax supported operations: recognition the changes to transfers from utilities and self-supported operations to tax supported operations based on the annual review. The transfers ensure utility revenue reflect a total cost approach and compliance with utility policy.
- 3.11 - Construction Growth: this is the anticipated increase in assessment.
- 3.12 - RCMP Member contract: the City contracts its policing services to the RCMP.
- 3.13 - Personnel vacancy factor adjustment – The vacancy factor recognizes the lag factor in the hiring process between the time we have a vacant position and filling the position.
- 3.14 - Reduction in transfers to capital projects reserve: in addition to the 1% transfer for growth and amenities, The City transfers \$7.18 mil operating dollars towards capital. This represents a reduction in that amount.
- 4.01 - Gravel lane reconstruction: this is an amount to address gravel lane reconstruction within The City.
- 4.02 - Costs for software support and maintenance: this represents the overall increase in costs to The City for all of the software licenses.
- 4.03 - Cost of Governance: this adjustment properly reflects the cost of services in legislative services that have not been adjusted for several years including provincial/federal association costs and support.
- 5.01 - Roads Growth Maintenance: to maintain and service the road network in Red Deer.
- 6.01 - Increased lifecycle extension for pickup trucks: this increase in lifecycle from 8 to 10 years is recommended after an analysis of this asset and would result in a decrease in costs.
- 7.01 - Contribution to Capital Reserves – growth and amenities: this is a 1% contribution from the operating budget to the capital budget to fund growth and amenities.
- 7.02- Transfer to Operating Reserves – tax supported (ORTS): an amount to be transferred into our only operating tax supported reserve.

2020 Electric, Light & Power (ELP) Utility Revenue Requirement Change Factors

Ref C1	Description C2	Total C3	Impact on ELP Utility Revenue Requirement C4
1.00	2019 ELP Utility Revenue Requirement		
1.01	2019 Water Utility Revenue	\$52,159,683	
		52,159,683	
2.00	Major Changes		
2.01	ELP Wire Cost Recoveries	(674,996)	(1.29%)
2.02	Guideline Changes	(218,848)	(0.42%)
2.03	Transmission Charges	1,700,000	3.26%
2.04	Tariff Revenue Changes	222,591	0.43%
		1,028,747	1.97%
3.00	Other ELP Utility Revenue Change Requirement Factors	113,866	0.22%
4.00	2020 ELP Utility Revenue Requirement	\$1,142,613	2.19%

2.01 - ELP Wire Cost Recoveries: this is an increase in the revenue received from the Province for Red Deer's transmission system assets.

2.02 - Guideline Changes: this is the amount provided corporately for items such as insurance, utility charges and support cost allocations, investment income, and debenture payments.

2.03 – Transmission Charges: these non-discretionary flow-through costs from the Alberta Electrical System Operator (AESO) must be collected by Red Deer for all customers and then paid to AESO.

2.04 – Tariff Revenue Changes: revenues collected on existing rates are expected to decrease as a result of decreased consumption and an overall decline in commercial activity.

2020 Water Utility Revenue Requirement Change Factors

Ref	Description	Total	Impact on Water Utility Revenue Requirement
C1	C2	C3	C4
1.00	2019 Water Utility Revenue Requirement		
1.01	2019 Water Utility Revenue	\$22,023,167	
		22,023,167	
2.00	Major Changes		
2.01	Water Base Budget Changes	1,575,417	7.15%
2.02	Water Reserve Transfers	(442,187)	(2.01%)
2.03	Water Regional Revenue Changes	(130,853)	(0.59%)
2.04	Water Growth Revenue	(490,696)	(2.23%)
		511,681	2.32%
3.00	Other Water Utility Revenue Change Requirement Factors	39,500	0.18%
4.00	2020 Water Utility Revenue Requirement	\$551,181	2.50%

2.01 - Water Base Budget Changes: these are changes to the budget as a result of items such as the personnel provisions, support cost allocations, debenture payments, and investment income.

2.02 - Water Reserve Transfers: this represents a projected transfer from the Water utility reserve in 2020.

2.03 - Water Regional Revenue Changes: The City of Red Deer is a regional water treatment provider with the North Red Deer Regional Water Services Commission and the Red Deer County South Hills development.

2.04 - Water Growth Revenue: The City of Red Deer is a regional water treatment provider with the North Red Deer Regional Water Services Commission and the Red Deer County South Hills development.

2020 Wastewater Utility Revenue Requirement Change Factors

Ref	Description	Total	Impact on Wastewater Utility Revenue Requirement
C1	C2	C3	C4
1.00	2019 Wastewater Utility Revenue Requirement		
1.01	2019 Wastewater Utility Revenue	22,375,145	
		\$22,375,145	
2.00	Major Changes		
2.01	Wastewater Base Budget Changes	106,449	0.48%
2.02	Wastewater Reserve Transfers	1,536,211	6.87%
2.03	Wastewater Regional Revenue Changes	(199,982)	(0.89%)
2.04	Wastewater Growth Revenue	(879,136)	(3.93%)
		563,542	2.52%
3.00	Other Wastewater Utility Revenue Change Requirement Factors	(4,163)	(0.02%)
4.00	2020 Wastewater Utility Revenue Requirement	\$559,379	2.50%

2.01 - Wastewater Base Budget Changes: these are changes to the budget as a result of items such as the personnel provisions, support cost allocations, debenture payments, and investment income.

2.02 - Wastewater Reserve Transfers: as per the utility policy, waste water maintains a capital and operating reserve for asset replacement, asset rehabilitation, acquisition of future assets, maintaining operations and to manage unplanned changes

2.03 - Wastewater regional revenue change: The City of Red Deer is a regional wastewater treatment provider to the South Red Deer Regional Wastewater Commission, the North Red Deer Regional Wastewater Commission, and the Sylvan Lake Commission.

2.04 - Wastewater growth revenue: The City of Red Deer is a regional wastewater treatment provider to the South Red Deer Regional Wastewater Commission, the North Red Deer Regional Wastewater Commission, and the Sylvan Lake Commission.

2020 Waste Management Utility Revenue Requirement Change Factors

Ref	Description	Total	Impact on Waste Management Utility Revenue Requirement
C1	C2	C3	C4
1.00	2019 Waste Management Utility Revenue Requirement		
1.01	2019 Waste Management Utility Revenue	\$16,609,100	
		16,609,100	
2.00	Major Changes		
2.01	Waste Management Base Budget Changes	448,115	2.70%
2.02	Waste Management Reserve Transfers	(153,194)	(0.92%)
2.03	Waste Management Contractual Obligations	(372,489)	(2.24%)
2.04	Waste Management Negative Growth Revenue	907,235	5.46%
2.05	Cart Program Rollout and Implementation	(416,347)	(2.51%)
		413,320	2.49%
3.00	Other Waste Management Utility Revenue Change Requirement Factors	1,906	0.01%
4.00	2020 Waste Management Utility Revenue Requirement	\$415,226	2.50%

2.01 - Waste Management Base Budget Changes: these are changes to the budget as a result of items such as the personnel provisions, support cost allocations, debenture payments, and investment income.

2.02 - Waste Management Reserve Transfers: as per the utility policy, waste management maintains a capital and operating reserve for asset replacement, asset rehabilitation, acquisition of future assets, maintaining operations and to manage unplanned changes

2.03 - Water Management contractual obligations: The City provides garbage collection for front-load garbage bins which are 6 cubic yards and smaller in addition to the residential program.

2.04 - Waste Management Negative Growth Revenue: overall waste management revenue has declined primarily because of a decline of the City managed commercial garbage collection bins and a decline in the amount of garbage landfilled annually related to slow economic growth and change in consumer habits.

2.05 - Cart Program Rollout and implementation: as identified when the program was first rolled out, there is a reduction in costs due to the every-other week collection of blue and black carts while maintaining weekly green cart pick up.

CITY OF RED DEER
2020 Operating Budget (Summary of Gross Revenue & Expenses)

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Revenue				
Tax Levy	136,417,014	140,025,353	2.65%	3,608,339
User Fees and Sales of Goods & Services	178,851,731	184,297,578	3.04%	5,445,847
Operating Government Transfers	12,703,608	12,293,317	(3.23%)	(410,291)
Franchise Fees	8,592,342	8,381,242	(2.46%)	(211,100)
Fines and Penalties	6,334,809	5,644,087	(10.90%)	(690,722)
Licenses and Permits	3,820,840	3,317,238	(13.18%)	(503,602)
Investment Income	3,578,673	2,701,227	(24.52%)	(877,446)
Contributed Tangible Capital Assets	6,928,037	6,928,037	0.00%	-
Other revenue	3,216,375	2,906,599	(9.63%)	(309,776)
	360,443,429	366,494,678	1.68%	6,051,249
Other Transfers				
Internal Revenue & (Expenses)	3,202,241	3,346,031	4.49%	143,790
Transfers from (to) operating	54,605	54,595	(0.02%)	(10)
Contribution from (to) capital	(5,544,032)	(2,785,979)	(49.75%)	2,758,053
Debt principal payments	(19,781,605)	(20,266,093)	2.45%	(484,488)
Internal Transfers- Tangible Capital Assets	60,997,861	71,724,520	17.59%	10,726,659
Contribution from (to) reserves	(25,200,165)	(32,895,340)	30.54%	(7,695,175)
	13,728,905	19,177,734	39.69%	5,448,829
Gross Expenses				
General Programs	8,145,479	9,061,655	11.25%	916,176
Office of the City Manager	673,495	675,897	0.36%	2,402
Communications & Strategic Planning	2,006,252	2,038,241	1.59%	31,989
Human Resources	3,384,893	3,373,378	(0.34%)	(11,515)
Corporate Services Directorate	2,565,500	2,541,965	(0.92%)	(23,535)
Financial Services	3,732,310	3,629,055	(2.77%)	(103,255)
Information Technology Systems	9,205,779	10,022,426	8.87%	816,647
Legislative Services	2,823,159	2,985,344	5.74%	162,185
Revenue & Assessment Services	5,619,885	5,522,939	(1.73%)	(96,946)
Development Services Directorate	630,483	630,623	0.02%	140
Engineering Services	5,285,221	4,829,022	(8.63%)	(456,199)
Electric, Light & Power	48,737,077	51,716,661	6.11%	2,979,584
Environmental Services	62,552,612	60,356,766	(3.51%)	(2,195,846)
Public Works	52,944,721	59,236,411	11.88%	6,291,690
Community Services Directorate	7,286,715	5,812,468	(20.23%)	(1,474,247)
Recreation, Parks & Culture	42,644,483	44,464,540	4.27%	1,820,057
Social Planning	10,767,872	10,443,527	(3.01%)	(324,345)
Transit	14,854,996	15,368,844	3.46%	513,848
Planning Services Directorate	1,217,327	743,146	(38.95%)	(474,181)
Inspections & Licensing	7,556,141	7,554,090	(0.03%)	(2,051)
Land & Economic Services	4,469,906	8,071,623	80.58%	3,601,717
Planning Services	1,317,478	1,203,827	(8.63%)	(113,651)
Protective Services Directorate	892,208	959,584	7.55%	67,376
Emergency Services	36,659,477	36,600,656	(0.16%)	(58,821)
Police	38,198,865	37,829,724	(0.97%)	(369,141)
	374,172,334	385,672,412	3.07%	11,500,078
Surplus (Deficit)	-	-		-

CITY OF RED DEER

2020 Operating Budget - General Programs

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,828,755	2,541,388	38.97%	712,633
Contracted services	443,840	193,840	(56.33%)	(250,000)
Grants to organizations	416,044	416,044	0.00%	-
Financial charges	5,425,346	5,878,889	8.36%	453,543
Other expenses	31,494	31,494	0.00%	-
	8,145,479	9,061,655	11.25%	916,176
Revenues				
Municipal tax revenue	136,417,014	140,025,353	2.65%	3,608,339
Operating government transfers	311,941	311,941	0.00%	-
Investment income	1,416,361	1,062,726	(24.97%)	(353,635)
Franchise fee	8,509,992	8,266,992	(2.86%)	(243,000)
Fines and Penalties	752,500	887,500	17.94%	135,000
Other revenue	467,039	367,039	(21.41%)	(100,000)
	147,874,847	150,921,551	2.06%	3,046,704
Other Transfers				
Internal revenue & (expenses)	(41,273)	(42,138)	2.10%	(865)
Transfers from (to) operating	27,892,969	27,824,408	(0.25%)	(68,561)
Transfers from (to) capital	215,968	542,421	151.16%	326,453
Debt principal payments	(5,158,653)	(5,761,589)	11.69%	(602,936)
Contribution from (to) reserves	(4,306,420)	(3,548,130)	(17.61%)	758,290
	18,602,591	19,014,972	2.22%	412,381
Net Requirements	(158,331,959)	(160,874,868)	1.61%	(2,542,909)

CITY OF RED DEER

2020 Operating Budget - General Programs

2020 Operating Budget Major Changes Include:

- 2020 tax supported one-time items (increase transfer from reserve by \$5,523,278): 2020 tax supported one-time items are funded by Operating Reserves Tax Supported (ORTS).
- Personnel provision (increase expenses by \$1,937,000): this provides for compensation related cost changes such as contract settlements, position evaluations, market adjustments, and changes in benefit costs.
- Grants in lieu of taxes (decrease revenue by \$700,000): the province has reduced the grant it pays to municipalities on provincial owned assets. For 2019/20, most grants will be paid at approximately 75 per cent of the eligible amount (i.e., the amount on the tax bill). For 2020/21 and future years, it is anticipated most applications will be paid at approximately 50 per cent of the requested amount.
- Appeal losses (decrease revenue by \$300,000): the City has seen an increase in the amount of appeal losses over the past several years. The proposed tax loss provision equates to 3/10th of 1% of all taxable property in Red Deer.
- Support cost allocation transfer to Capital projects reserve (increase transfer to reserve by \$123,538): as support cost allocations include depreciation it is recommended to allocate that portion to the Capital Projects Reserve (CPR).
- Contribution to Capital Project Reserves (CPR) (increase transfer to reserve by \$1,364,000) – growth and amenities: this is a 1% contribution from the operating budget to the capital budget to fund growth and amenities. This has been built into The City budget since 2015 as per Council resolution.
- Transfer to Operating Reserves – tax supported (ORTS) (increase transfer to reserve by \$500,000): an amount to be transferred into our only operating tax supported reserve. This reserve is used to fund emergencies, emerging priorities, and one-time items. It is recommended by the Government Finance Officers Association (GFOA) that this reserve has a minimum balance of two months operating and this transfer is the start of bringing our reserve in compliance.
- Reversal of 2019 tax supported one-time items (decrease transfer from reserve by \$7,148,054): 2019 approved tax supported one-time items are funded by Operating Reserves Tax Supported (ORTS) and are reversed in 2020.
- Tax penalty revenue increase (increase revenue by \$125,000): the City applies a penalty for the late payment of taxes. Based on a review of the variance, The City has seen an increase in revenue that should be recognized.
- Transfers to tax supported operations (increase transfer from self/utility operations by \$256,913): recognition of changes to transfers from utilities and self-supported operations to tax supported operations based on the annual review. The transfers ensure utility revenue reflect a total cost approach and compliance with utility policy. This is made up of a net increase of \$8,659 in support cost allocation operating recovery, \$69,630 in support cost allocation capital recovery and a net increase of \$178,624 in dividend received from utility and self-supported operations.
- Construction Growth (increase revenue by \$900,000): this is the anticipated increase in assessment. This amount has decreased significantly from 2015 when it was \$2,622,260 and similar to last year at \$1,078,844.

CITY OF RED DEER

2020 Operating Budget - General Programs

2020 Operating Budget Major Changes Include: (continued)

- Personnel vacancy factor adjustment (decrease expenses by \$1,257,900): the vacancy factor recognizes the lag factor in the hiring process between the time we have a vacant position and filling the position. This recognizes an increase of the costs we anticipate due to that delay based on an analysis of our variance. The amount will be increased by 1 million and will total 2 million dollars ongoing. This does not include the RCMP contract.
- Reduction in transfers to capital projects reserve (decrease transfer from reserve by \$3,500,000): in addition to the 1% transfer for growth and amenities, The City transfers \$7.18 operating dollars towards capital. This represents a reduction in that amount. This amount has fluctuated between \$1.0 mil and \$1.3 mil over the years.

CITY OF RED DEER
2020 Operating Budget – Office of the City Manager

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	4,930,386	4,872,647	(1.17%)	(57,739)
Contracted services	883,069	1,000,848	13.34%	117,779
Materials and supplies	194,362	174,061	(10.44%)	(20,301)
Grants to organizations	45,000	25,735	(42.81%)	(19,265)
Amortization of tangible capital assets	11,823	14,225	20.32%	2,402
	6,064,640	6,087,516	0.38%	22,876
Revenues				
Operating government transfers	34,000	-	(100.00%)	(34,000)
Other revenue	66,400	66,400	0.00%	-
	100,400	66,400	(33.86%)	(34,000)
Other Transfers				
Internal Revenue & Expenses	(12,029)	(27,029)	124.70%	(15,000)
Internal Transfers- Tangible Capital Assets	11,823	14,225	20.32%	2,402
Contribution from reserves	77,092	77,092	0.00%	-
	76,886	64,288	(16.39%)	2,402
Net Requirements	5,887,354	5,956,828	1.18%	69,474

The office of the City Manager includes the City Manager and associated administrative staff, Communication & Strategic Planning, and Human Resource

CITY OF RED DEER
2020 Operating Budget- Office of the City Manager

	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	589,865	589,865	0.00%	-
Contracted services	58,971	78,390	32.93%	19,419
Materials and supplies	4,485	4,331	(3.43%)	(154)
Grants to organizations	20,000	735	(96.33%)	(19,265)
Amortization of tangible capital assets	174	2,576	1380.46%	2,402
	673,495	675,897	0.36%	2,402
Other Transfers				
Internal Revenue & Expenses	(475)	(475)	0.00%	-
Internal Transfers- Tangible Capital Assets	174	2,576	1380.46%	2,402
	(301)	2,101	(798.01%)	2,402
Net Requirements	673,796	673,796	0.00%	-

The City Manager's Office provides organizational oversight and strategic advice to Council ensuring organizational effectiveness and the achievement of strategic goals ensuring overall sustainability and citizen satisfaction with City provided services. The office provides overall leadership to Human Resources and Communications & Strategic Planning.

CITY OF RED DEER

2020 Operating Budget - Communications & Strategic Planning

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,659,938	1,616,214	(2.63%)	(43,724)
Contracted services	268,170	366,530	36.68%	98,360
Materials and supplies	78,144	55,497	(28.98%)	(22,647)
	2,006,252	2,038,241	1.59%	31,989
Other Transfers				
Internal Revenue & Expenses	(11,554)	(26,554)	129.83%	(15,000)
Contribution from reserves	51,297	51,297	0.00%	-
	39,743	24,743	(37.74%)	(15,000)
Net Requirements	1,966,509	2,013,498	2.39%	46,989

Communications & Strategic Planning is the voice of the organization, as we keep our community in the loop on City services, programs, facilities, and events. We provide support to all departments to ensure The City is communicating to residents, businesses, and partners in a straightforward and timely way.

2020 Operating Budget Major Changes Include:

- Reversal of 2019 approved one time funding request (decrease expenses by \$113,811): 2019 approved one time funding for Public Participation is reversed in 2020.
- Customer Service Strategy (increase expenses by \$100,000): The City will develop a strategy to ensure a more coordinated approach and process to customer service delivery across all business units. This would allow for improved service delivery and satisfaction, effective responses, better decision making and improved time management. This will be coordinated with the information technology master plan.

CITY OF RED DEER
2020 Operating Budget - Human Resources

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	2,680,583	2,666,568	(0.52%)	(14,015)
Contracted services	555,928	555,928	0.00%	-
Materials and supplies	111,733	114,233	2.24%	2,500
Grants to organizations	25,000	25,000	0.00%	-
Amortization of tangible capital assets	11,649	11,649	0.00%	-
	3,384,893	3,373,378	(0.34%)	(11,515)
Revenues				
Operating government transfers	34,000	-	(100.00%)	(34,000)
Other revenue	66,400	66,400	0.00%	-
	100,400	66,400	(33.86%)	(34,000)
Other Transfers				
Internal Transfers- Tangible Capital Assets	11,649	11,649	0.00%	-
Contribution from reserves	25,795	25,795	0.00%	-
	37,444	37,444	0.00%	-
Net Requirements	3,247,049	3,269,534	0.69%	22,485

The department provides Human Resources expertise and support for all staff so that the organization is positioned to deliver on its mission.

CITY OF RED DEER
2020 Operating Budget – Corporate Services Division

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	16,793,979	17,061,159	1.59%	267,180
Contracted services	5,063,265	4,847,824	(4.25%)	(215,441)
Materials and supplies	646,215	831,425	28.66%	185,210
Financial charges	5,200	8,823	69.67%	3,623
Grants to organizations	11,000	11,000	0.00%	-
Amortization of tangible capital assets	1,299,681	1,810,373	39.29%	510,692
Other expenses	127,293	131,125	3.01%	3,832
	23,946,633	24,701,729	3.15%	755,096
Revenues				
User fees and sale of goods	200,200	220,200	9.99%	20,000
Investment earnings	21,353	14,116	(33.89%)	(7,237)
Other revenue	376,375	378,325	0.52%	1,950
	597,928	612,641	2.46%	14,713
Other Transfers				
Transfers from (to) operating	2,430,093	2,488,054	2.39%	57,961
Internal Revenue & (Expenses)	330,492	266,586	(19.34%)	(63,906)
Contribution from (to) capital	(75,000)	(75,000)	0.00%	-
Contribution from (to) reserves	(660,386)	(620,468)	(6.04%)	39,918
Internal Transfers- Tangible Capital Assets	1,268,221	1,778,736	40.25%	510,515
	3,293,420	3,837,908	16.53%	544,488
Net Requirements	20,055,285	20,251,180	0.98%	195,895

The Corporate Services Division includes the Directorate, Financial Services, Revenue and Assessment, Information Technology Services and Legislative Services.

CITY OF RED DEER
2020 Operating Budget - Corporate Services Directorate

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,255,844	1,245,139	(0.85%)	(10,705)
Contracted services	1,239,251	1,215,558	(1.91%)	(23,693)
Materials and supplies	5,195	6,788	30.66%	1,593
Amortization of tangible capital assets	65,210	74,480	14.22%	9,270
	2,565,500	2,541,965	(0.92%)	(23,535)
Other Transfers				
Internal Revenue & Expenses	(317)	(317)	0.00%	-
Transfers from (to) operating	130,243	130,243	0.00%	-
Internal Transfers- Tangible Capital Assets	65,210	74,480	14.22%	9,270
	195,136	204,406	4.75%	9,270
Net Requirements	2,370,364	2,337,559	(1.38%)	(32,805)

Corporate Services Directorate provides leadership and management support to Financial Services, Information Technology Systems, Legislative Services, and Revenue & Assessment Services to ensure corporate policies, systems, tools and resources align with the strategic vision and sustainability pillars of the organization for the benefit of the corporation and the community at large.

2020 Operating Budget Major Changes Include:

- Reversal of 2019 approved one time funding items (decrease expenses by \$440,000): 2019 approved one-time funding items are reversed in 2020.
- Value for money audit (increase expenses by \$150,000): 2019 approved one time funding for an annual operational audit as part of the City's organizational review process.
- Legal services (increase expenses by \$190,000): 2019 approved funding for increased cost of legal and support work which includes work on the Municipal Government Act (MGA) implementation, land and legal issues and potential annexation.

CITY OF RED DEER

2020 Operating Budget - Financial Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	3,244,244	3,244,664	0.01%	420
Contracted services	455,263	351,588	(22.77%)	(103,675)
Materials and supplies	24,240	24,240	0.00%	-
Financial charges	5,200	5,200	0.00%	-
Amortization of tangible capital assets	3,363	3,363	0.00%	-
	3,732,310	3,629,055	(2.77%)	(103,255)
Other Transfers				
Internal Revenue & (Expenses)	(6,550)	(6,550)	0.00%	-
Internal Transfers- Tangible Capital Assets	3,363	3,363	0.00%	-
	(3,187)	(3,187)	0.00%	-
Net Requirements	3,735,497	3,632,242	(2.76%)	(103,255)

The department provides financial and purchasing services to achieve high standards of integrity, efficiency and accountability of business processes, systems and financial information for City operations and the public.

CITY OF RED DEER

2020 Operating Budget - Information Technology Systems

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	5,316,955	5,420,284	1.94%	103,329
Contracted services	2,237,877	2,283,974	2.06%	46,097
Materials and supplies	451,299	620,898	37.58%	169,599
Amortization of tangible capital assets	1,199,648	1,697,270	41.48%	497,622
	9,205,779	10,022,426	8.87%	816,647
Revenues				
Investment earnings	21,353	14,116	(33.89%)	(7,237)
Other revenue	180,500	177,500	(1.66%)	(3,000)
	201,853	191,616	(5.07%)	(10,237)
Other Transfers				
Internal Revenue & (Expenses)	388,518	324,612	(16.45%)	(63,906)
Transfers from (to) operating	77,359	77,359	0.00%	-
Contribution from (to) capital	(75,000)	(75,000)	0.00%	-
Internal Transfers- Tangible Capital Assets	1,199,648	1,697,270	41.48%	497,622
Contribution from (to) reserves	(835,977)	(796,059)	(4.78%)	39,918
	754,548	1,228,182	62.77%	473,634
	8,249,378	8,602,628	4.28%	353,250
Net Requirements				

The department provides information management, systems, and technology solutions through a balanced approach of leadership and partnership with all City departments and its agencies to deliver effective and efficient municipal programs and services.

The 2020 operating budget includes increased costs of \$306,800 for software support and maintenance. These costs are driven by contracts with software providers and increases in the amount of software systems or seats that The City owns. These can include large enterprise systems such as Microsoft or specialized systems such as e-procurement.

CITY OF RED DEER

2020 Operating Budget - Legislative Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	2,340,086	2,439,720	4.26%	99,634
Contracted services	358,515	409,866	14.32%	51,351
Materials and supplies	113,558	124,758	9.86%	11,200
Grants to organizations	11,000	11,000	0.00%	-
	2,823,159	2,985,344	5.74%	162,185
Revenues				
User fees and sale of goods	47,200	47,200	0.00%	-
Other revenue	61,875	66,825	8.00%	4,950
	109,075	114,025	4.54%	4,950
Other Transfers				
Internal Revenue & (Expenses)	(35,912)	(35,912)	0.00%	-
Contribution from (to) reserves	175,591	175,591	0.00%	-
	139,679	139,679	0.00%	-
Net Requirements	2,574,405	2,731,640	6.11%	157,235

Legislative Services supports Council's governance framework and decision-making processes and acts as the primary contact regarding City Council business. The department also supports numerous legislative functions such as appeals, policies, access and privacy, elections, an annual census, and appointments and support to Council committees.

2020 operating budget reflects increased costs of governance by \$105,000. The cost of services provided by Legislative services including provincial/federal association costs and support have not been adjusted for several years which are resulting in an increased variance to the department's budget.

CITY OF RED DEER

2020 Operating Budget - Revenue & Assessment Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	4,636,850	4,711,352	1.61%	74,502
Contracted services	772,359	586,838	(24.02%)	(185,521)
Materials and supplies	51,923	54,741	5.43%	2,818
Financial charges	-	3,623	#DIV/0!	3,623
Amortization of tangible capital assets	31,460	35,260	12.08%	3,800
Other expenses	127,293	131,125	3.01%	3,832
	5,619,885	5,522,939	(1.73%)	(96,946)
Revenues				
User fees and sale of goods	153,000	173,000	13.07%	20,000
Other revenue	134,000	134,000	0.00%	-
	287,000	307,000	6.97%	20,000
Other Transfers				
Internal Revenue & (Expenses)	(15,247)	(15,247)	0.00%	-
Transfers from (to) operating	2,222,491	2,280,452	2.61%	57,961
Internal Transfers- Tangible Capital Assets	-	3,623	#DIV/0!	3,623
	2,207,244	2,268,828	2.79%	61,584
Net Requirements	3,125,641	2,947,111	(5.71%)	(178,530)

The department provides fair and equitable revenue billing and collection, property assessment and taxation, and citizen care services with pride and integrity for the sustainability of our community.

CITY OF RED DEER

2020 Operating Budget - Development Services Division

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	36,504,448	36,767,574	0.72%	263,126
Contracted services	29,834,830	26,237,217	(12.06%)	(3,597,613)
Materials and supplies	43,888,912	45,334,240	3.29%	1,445,328
Financial Charges	3,535,963	3,577,668	1.18%	41,705
Other expenses	1,592,441	1,750,471	9.92%	158,030
Amortization of tangible capital assets	54,793,520	63,102,313	15.16%	8,308,793
	170,150,114	176,769,483	3.89%	6,619,369
Revenues				
User fees and sale of goods	144,706,053	148,508,180	2.63%	3,802,127
Investment income	1,826,565	1,279,005	(29.98%)	(547,560)
Contributed assets	6,928,037	6,928,037	0.00%	-
Other revenue	2,951,571	2,895,306	(1.91%)	(56,265)
	156,412,226	159,610,528	2.04%	3,198,302
Other Transfers				
Internal Revenue & (Expenses)	14,023,225	14,269,639	1.76%	246,414
Transfers from (to) operating	(28,604,483)	(28,643,803)	0.14%	(39,320)
Contribution from (to) capital	210,000	206,600		
Debt principal payments	(11,898,670)	(11,698,970)		
Internal Transfers- Tangible Capital Assets	47,865,483	56,174,275	17.36%	8,308,792
Contribution from (to) reserves	(28,484,635)	(34,510,014)	21.15%	(6,025,379)
	(6,889,080)	(4,202,273)	(39.00%)	2,490,507
	20,626,968	21,361,228	3.56%	734,260
Net Requirements				

The Developmental Services Division includes the Directorate, Engineering Services, Electric Light & Power, Environmental Services and Public Works.

CITY OF RED DEER

2020 Operating Budget - Development Services Directorate

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	611,033	611,753	0.12%	720
Contracted services	18,968	18,255	(3.76%)	(713)
Materials and supplies	482	475	(1.45%)	(7)
Amortization of tangible capital assets	-	140		140
	630,483	630,623	0.02%	140
Other Transfers				
Internal Transfers- Tangible Capital Assets	-	140		140
	-	140		140
Net Requirements	630,483	630,483	0.00%	-

Development Services Division provides leadership for sustainable development and the responsible management of infrastructure and assets to ensure the safety, well-being and economic benefits of the citizens of Red Deer.

CITY OF RED DEER

2020 Operating Budget - Engineering Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	3,763,289	3,762,812	(0.01%)	(477)
Contracted services	274,635	177,635	(35.32%)	(97,000)
Materials and supplies	44,714	44,714	0.00%	-
Financial Charges	1,098,725	729,844	(33.57%)	(368,881)
Amortization of tangible capital assets	103,858	114,017	9.78%	10,159
	5,285,221	4,829,022	(8.63%)	(456,199)
Revenues				
User fees and sale of goods	39,000	39,000	0.00%	-
Investment income	129,958	174,013	33.90%	44,055
Other revenue	430,827	313,466	(27.24%)	(117,361)
	599,785	526,479	(12.22%)	(73,306)
Other Transfers				
Internal Revenue & (Expenses)	684,667	712,749	4.10%	28,082
Transfers from (to) operating	(2,000)	(2,000)	0.00%	-
Debt principal payments	(5,989,215)	(4,825,854)	(19.42%)	1,163,361
Internal Transfers- Tangible Capital Assets	103,858	114,017	9.78%	10,159
Contribution from (to) reserves	6,957,982	5,381,686	(22.65%)	(1,576,296)
	1,755,292	1,380,598	(21.35%)	(374,694)
Net Requirements	2,930,144	2,921,945	(0.28%)	(8,199)

The department supports all internal and external stakeholders by providing efficient engineering services for construction, project management, and development.

CITY OF RED DEER

2020 Operating Budget - Electric, Light & Power

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	6,305,124	6,023,369	(4.47%)	(281,755)
Contracted services	4,776,112	4,788,354	0.26%	12,242
Materials and supplies	31,096,057	32,818,179	5.54%	1,722,122
Financial charges	653,776	629,662	(3.69%)	(24,114)
Other expenses	1,498,833	1,498,833	0.00%	-
Amortization of tangible capital assets	4,407,175	5,958,264	35.19%	1,551,089
	48,737,077	51,716,661	6.11%	2,979,584
Revenues				
User fees and sale of goods	64,017,736	65,549,611	2.39%	1,531,875
Investment income	293,387	293,387	0.00%	-
Other revenue	316,000	316,000	0.00%	-
	64,627,123	66,158,998	2.37%	1,531,875
Other Transfers				
Internal Revenue & (Expenses)	(539,132)	(586,075)	8.71%	(46,943)
Transfers from (to) operating	(12,251,281)	(12,089,597)	(1.32%)	161,684
Contribution from (to) capital	200,000	200,000	0.00%	-
Debt principal payments	(1,681,057)	(1,691,076)	0.60%	(10,019)
Internal Transfers- Tangible Capital Assets	4,407,176	5,958,264	35.19%	1,551,088
Contribution from (to) reserves	(7,874,247)	(8,090,353)	2.74%	(216,106)
	(17,738,541)	(16,298,837)	(8.12%)	1,439,704
Net Requirements	1,848,495	1,856,500	0.00%	8,005

CITY OF RED DEER

2020 Operating Budget - Electric, Light & Power

The department's primary responsibility, as a regulated wires service provider, is to plan, build, operate and maintain Red Deer's street light, traffic signal and electric transmission and distribution facilities to reliably deliver power to every customer in The City's service area.

Major changes included in 2020 operating budget are:

- Wire Cost recoveries (\$674,996): this is an increase in the revenue received from the Province for Red Deer's transmission system assets. The Alberta Utilities Commission (AUC) has approved an increase for 2020 as part of the department's 2019-2020 General Tariff Application and aligns our budget with actual revenue received.
- Guideline Changes (increase expenses by \$218,848): this is the amount provided corporately for items such as personnel provision, insurance, utility charges and support cost allocations.
- Transmission charges (increase expenses by \$1,700,000): this non-discretionary flow-through costs from the Alberta Electrical System Operator (AESO) must be collected by Red Deer for all customers and then paid to AESO.
- Tariff Revenue Changes (decrease revenue by \$222,591): revenues collected on existing customers are expected to decrease as a result of decreased consumption and an overall decline in commercial activity.

CITY OF RED DEER

2020 Operating Budget - Environmental Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	13,666,265	13,960,422	2.15%	294,157
Contracted services	18,715,110	15,671,811	(16.26%)	(3,043,299)
Materials and supplies	5,600,770	5,647,618	0.84%	46,848
Financial Charges	1,783,462	2,218,162	24.37%	434,700
Other expenses	83,204	194,574	133.85%	111,370
Amortization of tangible capital assets	22,703,801	22,664,179	(0.17%)	(39,622)
	62,552,612	60,356,766	(3.51%)	(2,195,846)
Revenues				
User fees and sale of goods	80,649,317	82,919,569	2.81%	2,270,252
Investment income	441,332	475,087	7.65%	33,755
Contributed assets	5,129,708	5,129,708	0.00%	-
Other revenue	1,290,814	1,135,520	(12.03%)	(155,294)
	87,511,171	89,659,884	2.46%	2,148,713
Other Transfers				
Internal Revenue & (Expenses)	(1,470,713)	(1,156,703)	(21.35%)	314,010
Transfers from (to) operating	(16,318,937)	(16,519,941)	1.23%	(201,004)
Contribution from (to) capital	10,000	6,600		
Debt principal payments	(4,228,398)	(5,182,040)		
Internal Transfers- Tangible Capital Assets	17,574,093	17,534,471	(0.23%)	(39,622)
Contribution from (to) reserves	(21,992,869)	(25,491,625)	15.91%	(3,498,756)
	(26,426,824)	(30,809,238)	16.58%	(3,425,372)
Net Requirements	1,468,265	1,506,120	2.58%	37,855

CITY OF RED DEER

2020 Operating Budget - Environmental Services

The department provides leadership in environmental protection and sustainable service for the citizens of Red Deer and our Regional Partners through the management of three unique utilities (water treatment and distribution, collection and treatment of wastewater, collection and disposal of solid waste) and collection of storm water runoff, and environmental initiatives.

Major changes included in 2020 operating budget are:

- Base budget changes for Water, Wastewater, and Waste Management utilities (increase expenses by \$2,129,981): these are changes to the budget as a result of items such as the personnel provisions, support cost allocations, debenture payments, and invest income. As a result of those changes, base budget for water, wastewater, and waste management utilities has increased by \$1,575,417, \$106,449, and \$448,115 respectively in 2020.
- Waste management contractual obligations (decrease expenses by \$372,489): The City provides garbage collection for front-load garbage bins which are 6 cubic yards and smaller in addition to the residential program. Due to a reduction in the number of bins and changes in the contract for recycling shingles has resulted in a decrease.
- Cart program rollout and implementation (decrease expenses by \$416,347): The cart program was developed in alignment with the environmental master plan and the waste management master plan. The program will increase the life expectancy of the waste management facility by reducing the amount of garbage landfilled and it will reduce the amount of greenhouse gas emissions released into the atmosphere.
- Water regional revenue change and growth revenue (increase revenue by \$621,549): The City of Red Deer is a regional water treatment provider with the North Red Deer Regional Water Services Commission and the Red Deer County South Hills development. Based on projected 2020 volumes and proposed regional water rates increase of 2.5% the final impact is an increase in utility revenue of \$621,549.
- Wastewater regional revenue change and growth revenue (increase revenue by \$1,079,118): The City of Red Deer is a regional wastewater treatment provider to the South Red Deer Regional Wastewater Commission, the North Red Deer Regional Wastewater Commission, and the Sylvan Lake Commission. Based on projected 2020 volumes and proposed regional wastewater rates increase of 2.5% the final impact is an increase in utility revenue of \$1,079,118.
- Waste Management Negative Growth Revenue (\$907,235): Overall waste management revenue has declined primarily because of a decline of the City managed commercial garbage collection bins and a decline in the amount of garbage landfilled annually related to slow economic growth.
- Water, Wastewater, and Waste Management reserves transfers (increase net transfer from reserve by \$940,830): as per the utility policy, each utility maintains their capital and operating reserves for asset replacement, asset rehabilitation, acquisition of future assets, maintaining operations and to manage unplanned changes. In 2020 it is projected to transfer \$442,187 and \$153,194 from water reserve and waste management reserve respectively to utility operations. An estimated amount of \$1,536,211 will be transferred into waste management reserves.
- Storm funding (increase expenses by \$395,833): The City is exploring the establishment of a stormwater utility; however, in the interim the system must be managed. This will allow the department to carry out services such as: stormwater sewer and catch basin clearing, clearing stormwater outfalls, maintenance of oil/grit separators and detention ponds, inspection of industrial and commercial sites for contaminants entering the system and repairing outfalls and other structures. In addition to the \$245,833 approved in 2019, \$150,000 is requested in 2020.

CITY OF RED DEER

2020 Operating Budget - Environmental Services (continued)

-
- Public lands act compliance (increase expenses by \$111,100): this one time funding was approved in 2017 to apply for/renew approvals (dispositions) with Alberta Environment and Parks (AEP) for City infrastructure on crown land.
- Reversal of 2019 approved one time funding items (decrease expenses by \$510,000): 2019 approved one-time funding items are reversed in 2020.

CITY OF RED DEER

2020 Operating Budget - Public Works

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	12,158,737	12,409,218	2.06%	250,481
Contracted services	6,050,005	5,581,162	(7.75%)	(468,843)
Materials and supplies	7,146,889	6,823,254	(4.53%)	(323,635)
Other expenses	10,404	57,064	448.48%	46,660
Amortization of tangible capital assets	27,578,686	34,365,713	24.61%	6,787,027
	52,944,721	59,236,411	11.88%	6,291,690
Revenues				
Contributed assets revenue	1,798,329	1,798,329	0.00%	-
Operating government transfers	-	275,000		275,000
Investment income	961,888	336,518	(65.01%)	(625,370)
Other revenue	913,930	855,320	(6.41%)	(58,610)
	3,674,147	3,265,167	(11.13%)	(408,980)
Other Transfers				
Internal Revenue & (Expenses)	15,348,403	15,299,668	(0.32%)	(48,735)
Transfers from (to) operating	(32,265)	(32,265)	0.00%	-
Internal Transfers- Tangible Capital Assets	25,780,356	32,567,383	26.33%	6,787,027
Contribution from (to) reserves	(5,575,501)	(6,309,722)	13.17%	(734,221)
	35,520,993	41,525,064	16.90%	6,004,071
Net Requirements	13,749,581	14,446,180	5.07%	696,599

CITY OF RED DEER

2020 Operating Budget - Public Works

Public Works maintains roads, bridges, fleet equipment, facilities, and provides civic garage and material management operations in line with Council's level of service standards.

Significant changes included in 2020 operating budget are:

- Fleet operations: Fleet is responsible for procuring repairing, maintaining and disposing of the City's vehicles and equipment. Overall In 2020 Fleet operating costs are projected to increase by \$484,847 including increased amount of \$318,012 for tax supported operations and \$166,835 for self and utility supported operations. At approximately \$15.7 million, this represents an increase in operating the Fleet of 3%.
- Gravel lane reconstruction: additional funding of \$422,294 (2020- \$401,152; 2021- \$21,142) is requested to address gravel lane reconstruction within The City. This will allow The City to maintain the city's gravel lanes to achieve a 20 year lifecycle based on reconstructing on average 12.1 km of lanes per year. The City receives many gravel lane maintenance service request annually, second only to snow and ice.
- Roads growth maintenance (increase expenses by \$574,326): maintain and service the road network in Red Deer. Additional funding of \$574,326 (2020- \$510,897; 2021-\$63,429) is required to address additional kilometers of road that are now the responsibility of The City. This work including Line Painting, sign installation, frost boil repairs, concrete repairs, pothole patching, street sweeping, sanding and plowing. The increase is a result of growth in 2019 as well as funding a shortfall in this budget from the past several years.
- Increased lifecycle extension for pickup trucks (decrease expenses by \$158,474): This increase in lifecycle from 8 to 10 years is recommended after an analysis of this asset and would result in a decreased operating costs of \$313,176 for tax supported operations. This type of analysis is done by our fleet to balance the maintenance costs and purchasing of a new vehicle.
- Reversal of 2019 approved one time funding items (decrease expenses by \$238,356): 2019 approved one-time funding items are reversed in 2020

CITY OF RED DEER
2020 Operating Budget - Planning Services Division

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	6,270,931	6,431,753	2.56%	160,822
Contracted services	4,205,884	3,610,684	(14.15%)	(595,200)
Materials and supplies	1,418,842	1,200,295	(15.40%)	(218,547)
Grants to organizations	1,173,585	4,952,561	322.00%	3,778,976
Financial charges	751,638	695,086	(7.52%)	(56,552)
Other expenses	25,865	25,725	(0.54%)	(140)
Amortization of tangible capital assets	714,107	656,582	(8.06%)	(57,525)
Revenues	14,560,852	17,572,686	20.68%	3,011,834
Licenses and permits	3,635,280	3,131,678	(13.85%)	(503,602)
Fines and penalties	1,342,466	1,342,466	0.00%	-
Sale of goods & services	6,322,099	8,010,099	26.70%	1,688,000
Investment income	174,328	208,572	19.64%	34,244
Operating government transfers	32,500	-	(100.00%)	(32,500)
Other revenue	259,871	147,793	(43.13%)	(112,078)
	11,766,544	12,840,608	9.13%	1,074,064
Other Transfers				
Internal Revenue & (Expenses)	(622,702)	(633,973)	1.81%	(11,271)
Transfers from (to) operating	(1,114,935)	(1,065,025)	(4.48%)	49,910
Operating transfers from (to)	(5,645,000)	(3,210,000)	(43.14%)	2,435,000
capital Debt principal payments	(2,724,282)	(2,805,534)	2.98%	(81,252)
Internal Transfers- Tangible Capital Assets	714,107	656,582	(8.06%)	(57,525)
Contribution from (to) reserves	6,408,063	4,017,007	(37.31%)	(2,391,056)
Net Requirements	(2,984,749)	(3,040,943)	1.88%	(56,194)
	5,779,057	7,773,021	34.50%	1,993,964

The Planning Services Division includes the Planning Services Directorate, Inspections & Licensing, Land and Economic Development Services and Planning Services.

CITY OF RED DEER

2020 Operating Budget - Planning Services Directorate

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	561,944	562,644	0.12%	700
Contracted services	650,850	175,996	(72.96%)	(474,854)
Materials and supplies	4,262	4,262	0.00%	-
Amortization of tangible capital assets	271	244	(9.96%)	(27)
	1,217,327	743,146	(38.95%)	(474,181)
Other Transfers				
Internal revenue & (expenses)	(475)	(475)	0.00%	-
Internal Transfers- Tangible Capital Assets	271	244	(9.96%)	(27)
	(204)	(231)	13.24%	(27)
Net Requirements	1,217,531	743,377	(38.94%)	(474,154)

The Planning Services Division enables development and shapes our built environment for a safe, livable and prosperous community. The Planning Services Directorate supports this by providing strategic oversight, financial stewardship, and overall leadership to the LED, PLN, and INL departments as well as the Capstone at Riverlands project.

Significant changes included in 2020 operating budget are:

- Growth exploration (increase expenses by \$150,000): additional funding was approved in 2019 for 2020 to ensure long term sustainable growth and development of The City.
- Reversal of 2019 approved one time item (decrease expenses by \$500,000): 2019 approved one time funding for growth exploration.

CITY OF RED DEER

2020 Operating Budget - Inspections & Licensing

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	3,370,932	3,378,569	0.23%	7,637
Contracted services	2,655,148	2,702,652	1.79%	47,504
Materials and supplies	386,879	377,195	(2.50%)	(9,684)
Financial charges	423,122	406,252	(3.99%)	(16,870)
Other expenses	12,740	39,600	210.83%	26,860
Amortization of tangible capital assets	707,320	649,822	(8.13%)	(57,498)
	7,556,141	7,554,090	(0.03%)	(2,051)
Revenues				
Licenses and permits	3,635,280	3,131,678	(13.85%)	(503,602)
Fines and penalties	1,342,466	1,342,466	0.00%	-
Sale of goods and services	2,121,929	2,121,929	0.00%	-
Other revenue	43,911	40,121	(8.63%)	(3,790)
	7,143,586	6,636,194	(7.10%)	(507,392)
Other Transfers				
Internal revenue & (expenses)	(609,289)	(615,249)	0.98%	(5,960)
Transfers from (to) operating	(555,302)	(541,918)	(2.41%)	13,384
Debt principal payments	(929,579)	(971,149)	4.47%	(41,570)
Contribution from (to) reserves	(174,359)	(136,145)	(21.92%)	38,214
Internal Transfers- Tangible Capital Assets	707,320	649,822	(8.13%)	(57,498)
	(1,561,209)	(1,614,639)	3.42%	(53,430)
Net Requirements	1,973,764	2,532,535	28.31%	558,771

CITY OF RED DEER

2020 Operating Budget - Inspections & Licensing

Inspections and Licensing enables development and helps shape our built environment for a safe, livable and prosperous community that reflects our values and character. We do this by providing efficient and effective inspections, permitting, licensing and enforcement services that satisfy legislative requirements, as well as public parking management that supports business vitality and sustainable transportation objectives.

Licenses and permits revenue will be reduced by \$520,000 (\$260,000 ongoing and \$260,000 one-time) in 2020 operating budget to more accurately reflect the current revenue shortfall as a result of downturn in Alberta economy. Building permit revenue has decreased due to reduced construction values associated with commercial projects and an overall reduction in housing starts and new commercial construction. This has a trickledown effect on subsidiary permits in the electrical permit discipline. Revenue projections for business licensing are also expected to be lower due to a decrease in the number of businesses within the city, as well as a significant decrease in the number of non-resident contractors operating within the city. This is a direct result of the reduction in construction occurring.

CITY OF RED DEER

2020 Operating Budget - Land & Economic Development Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,246,093	1,401,429	12.47%	155,336
Contracted services	679,647	622,597	(8.39%)	(57,050)
Materials and supplies	1,022,424	813,561	(20.43%)	(208,863)
Financial charges	328,516	288,834	(12.08%)	(39,682)
Grants to organizations	1,173,585	4,925,561	319.70%	3,751,976
Amortization of tangible capital assets	6,516	6,516	0.00%	-
Other expenses	13,125	13,125	0.00%	-
	4,469,906	8,071,623	80.58%	3,601,717
Revenues				
Land sales	4,126,000	5,774,000	39.94%	1,648,000
Investment income	174,328	195,284	12.02%	20,956
Other revenue	148,460	120,960	(18.52%)	(27,500)
	4,448,788	6,090,244	36.90%	1,641,456
Other Transfers				
Internal revenue & (expenses)	(6,938)	(12,249)	76.55%	(5,311)
Transfers from (to) operating	(559,633)	(523,107)	(6.53%)	36,526
Contributions from (to) capital	(5,645,000)	(3,210,000)	(43.14%)	2,435,000
Debt principal payments	(1,794,703)	(1,834,385)	2.21%	(39,682)
Internal Transfers- Tangible Capital Assets	6,516	6,516	0.00%	-
Contribution from (to) reserves	6,582,425	4,153,153	(36.91%)	(2,429,272)
	(1,417,333)	(1,420,072)	0.19%	(2,739)
Net Requirements	1,438,453	3,401,451	0.00%	1,962,998

CITY OF RED DEER

2020 Operating Budget - Land & Economic Development Services

Land & Economic Services department promotes Red Deer's economic prosperity and diversity in service to an enhanced quality of life for our customers and residents. We do this through the purchase and sale of residential, commercial, and industrial land for economic development, by promoting the city, supporting our regional partners, and providing land service expertise to City departments, in a financially responsible manner.

Major changes included in 2020 operating budget are:

- Red Deer Airport Authority Operating Grant (increase expenses by \$775,000): The City of Red Deer has provided one time funding to the Red Deer Airport Authority (RDAA) for operating dollars in addition to a capital contribution. This amount is traditionally matched by Red Deer County. On top of the prior year approved \$255,000, an additional \$170,000 is required for a total of \$425,000 operating expenses in 2020. \$350,000 one-time funding is requested to prepare tender ready documents and engineering plans for additional capital enhancements in the event that a maintenance repair and overhaul business or logistics business is obtained for the airport.
- Event hosting & outgoing sponsorship (increase expenses by \$425,000): this will create a fund to enter event and sponsorship agreements that promote economic development and our identity and allow us to fulfill sponsorships agreements, activate the event opportunity and ensure protocol is met. On average The City receives 10-15 requests per year for events such as the CFR, Stichl Timbersports and Pickleball. Administration will bring forward the individual requests to an open council meeting for approval however the benefit is that we have allotted the dollars within the 2020 budget. This amount does not include the in-kind contributions made by various departments (e.g. road closures, advertisement) and these will be tracked this year to inform our sport and event strategy.
- Economic Leader Priority Initiatives (increase expenses by \$850,000): this one time funding will support the two year initiatives to incent and promote development in the downtown as per the direction given by Council on September 30, 2019. Development in the downtown will contribute positive economic and social activity and have a positive impact on the overall tax base in the medium to longer term.
- Local Tourism Program (increase expenses by \$279,399): approved in 2019 which represents funding related to the new vision for economic development and tourism.
- Land bank subdivision revenue and capital expenses: the fluctuations in land bank activity have occurred frequently in the past and require judicious management to ensure sufficient supply of developable land is available when the economy improves. In 2020 land sales is projected to increase by \$1,648,000 and associated expenses to prepare those lands for sale will decrease by \$2,435,000.

CITY OF RED DEER

2020 Operating Budget - Planning Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,091,962	1,089,111	(0.26%)	(2,851)
Contracted services	220,239	109,439	(50.31%)	(110,800)
Materials and supplies	5,277	5,277	0.00%	-
	1,317,478	1,203,827	(8.63%)	(113,651)
Revenues				
Sale of goods & services	74,170	114,170	53.93%	40,000
Other revenue	100,000	-	(100.00%)	(100,000)
	174,170	114,170	(34.45%)	(60,000)
Other Transfers				
Internal revenue & (expenses)	(6,000)	(6,000)	0.00%	-
	(6,000)	(6,000)	0.00%	-
Net Requirements	1,149,308	1,095,657	(4.67%)	(53,651)

The Planning department enables the development of welcoming and sustainable communities for residents and businesses alike. We do this by providing efficient and effective city growth, neighbourhood, and redevelopment planning, and by stewarding changes to zoning and development permit regulations and processes.

CITY OF RED DEER
2020 Operating Budget - Community Services Division

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	40,167,306	40,098,224	(0.17%)	(69,082)
Contracted services	6,006,666	5,469,234	(8.95%)	(537,432)
Materials and supplies	3,910,242	3,896,996	(0.34%)	(13,246)
Grants to organizations	17,060,587	16,241,522	(4.80%)	(819,065)
Financial charges	85,627	85,627	0.00%	-
Other expenses	14,600	14,600	0.00%	-
Amortization of tangible capital assets	8,309,038	10,283,176	23.76%	1,974,138
	75,554,066	76,089,379	0.71%	535,313
Revenues				
Sale of goods & services	11,475,458	11,445,108	(0.26%)	(30,350)
Facility rentals	2,462,596	2,610,772	6.02%	148,176
Operating government transfers	8,141,608	7,845,532	(3.64%)	(296,076)
Investment income	140,066	136,808	(2.33%)	(3,258)
Other revenue	829,096	866,762	4.54%	37,666
	23,048,824	22,904,982	(0.62%)	(143,842)
Other Transfers				
Internal Revenue & (Expenses)	(8,629,917)	(8,425,627)	(2.37%)	204,290
Transfers from (to) operating	(475)	(475)	0.00%	-
Contributions from (to) capital	(250,000)	(250,000)	0.00%	-
Internal Transfers- Tangible Capital Assets	8,309,039	10,283,178	23.76%	1,974,139
Contribution from (to) reserves	1,760,121	1,683,173	(4.37%)	(76,948)
	1,188,768	3,290,249	176.78%	2,101,481
Net Requirements	51,316,474	49,894,148	(2.77%)	(1,422,326)

The Community Services Division includes the Community Services Directorate, Recreation, Parks & Culture, Social Planning and Transit.

CITY OF RED DEER
2020 Operating Budget - Community Services Directorate

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,061,840	997,474	(6.06%)	(64,366)
Contracted services	650,921	142,759	(78.07%)	(508,162)
Materials and supplies	132,858	5,164	(96.11%)	(127,694)
Grants to organizations	5,440,867	4,666,842	(14.23%)	(774,025)
Amortization of tangible capital assets	229	229	0.00%	-
	7,286,715	5,812,468	(20.23%)	(1,474,247)
Revenue				
Operating government transfers	37,000	-	(100.00%)	(37,000)
Other revenue	21,000	-	(100.00%)	(21,000)
	58,000	-	(100.00%)	(58,000)
Other Transfers				
Internal Transfers- Tangible Capital Assets	229	229	0.00%	-
Transfers from (to) operating	(475)	(475)	0.00%	-
Contribution from (to) reserves	587,750	350,000	(40.45%)	(237,750)
	587,504	349,754	(40.47%)	(237,750)
Net Requirements	6,641,211	5,462,714	(17.75%)	(1,178,497)

CITY OF RED DEER

2020 Operating Budget - Community Services Directorate

The Community Services Directorate provides overall leadership and management support to the three departments in the Community Services Division (Social Planning, Transit, and Recreation Parks and Culture) to ensure coordination of services, alignment with the City's Strategic Direction, and corporate consistency in their delivery of municipal services to the community.

Major changes included in 2020 operating budget are:

- Community Services Master Plan (increase expenses by \$100,000): this one-time funding was approved in 2019 for the development of a new Community Services Master Plan.
- Reversal of 2019 approved one-time funding requests (decrease expenses by \$1,257,595): 2019 approved one-time funding requests (i.e. Canada Winter Games Value in Kind) are reversed in 2020

CITY OF RED DEER
2020 Operating Budget - Recreation, Parks & Culture

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	24,184,210	24,413,421	0.95%	229,211
Contracted services	4,196,768	4,235,742	0.93%	38,974
Materials and supplies	3,460,960	3,518,671	1.67%	57,711
Grants to organizations	3,865,308	4,056,268	4.94%	190,960
Financial charges	81,427	81,427	0.00%	-
Other expenses	14,600	14,600	0.00%	-
Amortization of tangible capital assets	6,841,210	8,144,411	19.05%	1,303,201
	42,644,483	44,464,540	4.27%	1,820,057
Revenues				
Sale of goods & services	5,108,659	5,223,180	2.24%	114,521
Facility rentals	2,462,596	2,610,772	6.02%	148,176
Investment income	121,799	118,541	(2.67%)	(3,258)
Other revenue	808,096	866,762	7.26%	58,666
	8,501,150	8,819,255	3.74%	318,105
Other Transfers				
Internal revenue & (expenses)	(2,113,983)	(2,124,759)	0.51%	(10,776)
Internal Transfers- Tangible Capital Assets	6,841,210	8,144,412	19.05%	1,303,202
Operating transfer from (to) capital	(250,000)	(250,000)	0.00%	-
Contribution from (to) reserves	1,152,371	1,292,836	12.19%	140,465
	5,629,598	7,062,489	25.45%	1,432,891
Net Requirements	28,513,735	28,582,796	0.24%	69,061

CITY OF RED DEER

2020 Operating Budget - Recreation, Parks & Culture

The Recreation, Parks and Culture department provides a wide variety of programs and facilities that maintain and enhance the quality of life for city residents and surrounding communities.

Major changes included in 2020 operating budget are:

- Operating impacts from already built capital (increase expenses by \$182,443): this represents ongoing operating costs with capital projects previously constructed/approved projects. These projects include the JJ Gaetz House, the Gary W Harris Celebration Plaza, City Hall Plaza, West Park Sports Fields along with ongoing operations and maintenance of landscaping and parks in portions of Vanier East, Timberstone Park, Timberlands, Timber Ridge, Laredo and other road way/roundabout developments.
- Urban encampments & debris cleanup on public Lands (increase expenses by \$194,630): The City of Red Deer is responsible for providing clean and safe public spaces (parks, road, and lanes) within our community. This provides funding towards parks cleanups and roadway needle collection related to rough sleeper and drug debris. This one-time funding is to fund drug debris and rough sleeper camper enforcement and cleanup programs for Municipal Policing Services, RPC, and Public Works. City Administration will continue to adapt and refine the management of rough sleepers and drug debris collection and continue to track and monitor costs. A total funding of \$397,278 is requested for various departments in the City.
- Northside Community Centre (increase expenses by \$425,020): this was approved in 2015 for operating costs required to operate the facility.
- Increased lifecycle extension for pickup trucks (decrease expenses by \$107,086): This increase in lifecycle from 8 to 10 years is recommended after an analysis of this asset and would result in a decreased operating costs of \$313,176 for tax supported operations. This type of analysis is done by our fleet to balance the maintenance costs and purchasing of a new vehicle.
- Reversal of 2019 approved one time funding requests (decrease expenses by \$510,657): 2019 approved one time funding requests (i.e. urban encampments & debris cleanup on public Lands) are reversed in 2020.

CITY OF RED DEER

2020 Operating Budget – Social Planning

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	1,977,423	1,936,063	(2.09%)	(41,360)
Contracted services	794,566	685,085	(13.78%)	(109,481)
Materials and supplies	70,292	131,947	87.71%	61,655
Grants to organizations	7,754,412	7,518,412	(3.04%)	(236,000)
Amortization of tangible capital assets	171,179	172,020	0.49%	841
	10,767,872	10,443,527	(3.01%)	(324,345)
Revenues				
Investment income	18,267	18,267	0.00%	-
Operating government transfers	8,104,608	7,845,532	(3.20%)	(259,076)
	8,122,875	7,863,799	(3.19%)	(259,076)
Other Transfers				
Internal revenue & (expenses)	(21,210)	(21,210)	0.00%	-
Internal Transfers- Tangible Capital Assets	171,179	172,020	0.49%	841
Contribution from (to) reserves	20,000	-	(100.00%)	(20,000)
	169,969	150,810	(11.27%)	(19,159)
Net Requirements	2,475,028	2,428,918	(1.86%)	(46,110)

CITY OF RED DEER

2020 Operating Budget - Social Planning

We sustain individual, family and community social wellbeing by setting priorities, supporting progress and sharing insights in the achievement of our community social goals.

Major changes included in 2020 Budget are:

- Community Safety Strategy Sustainability (increase expenses by \$260,100): this will provide one-time funding towards the approved community safety strategy (2016) by providing funding to the work being done by the systems leadership team (SLT). This will allow the SLT to provide consistent, visible, leadership as part of a broad spectrum approach. The funding will be used to provide a dedicated program coordinator position, to provide logistic support similar to that of a City of Red Deer committees so work is supported, and to provide operational funding to be allocated to community priorities.
- Volunteer Central Operating Funding (increase expenses by \$120,000): this will provide bridge funding for the organization that partners with not for profit agencies and municipalities to build volunteer capacity. Volunteer Central is no longer eligible for provincial grants they previously received. They may qualify for FCSS funding in 2021 and it is envisioned this one time funding will bridge their finances until that time.
- The Central Alberta Crime Prevention Centre (increase expenses by \$162,522): this one-time funding will allow the organization to continue to work towards financial sustainability and the City will continue to work with the organization to develop logic models and measurements and alignment with The City's community safety strategy.
- Reversal of 2019 approved one time funding requests (decrease expenses by \$409,221): 2019 approved one time funding requests (i.e. Community Safety Strategy Sustainability) are reversed in 2020.

CITY OF RED DEER

2020 Operating Budget- Transit

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	12,943,833	12,751,266	(1.49%)	(192,567)
Contracted services	364,411	405,648	11.32%	41,237
Materials and supplies	246,132	241,214	(2.00%)	(4,918)
Financial charges	4,200	4,200	0.00%	-
Amortization of tangible capital assets	1,296,420	1,966,516	51.69%	670,096
	14,854,996	15,368,844	3.46%	513,848
Revenues				
Sale of goods & services	6,366,799	6,221,928	(2.28%)	(144,871)
	6,366,799	6,221,928	(2.28%)	(144,871)
Other Transfers				
Internal revenue & (expenses)	(6,494,724)	(6,279,658)	(3.31%)	215,066
Internal Transfers- Tangible Capital Assets	1,296,421	1,966,517	51.69%	670,096
Contribution from (to) reserves	-	40,337		40,337
	(5,198,303)	(4,272,804)	(17.80%)	925,499
Net Requirements	13,686,500	13,419,720	(1.95%)	(266,780)

Transit Department provides fixed route and specialized door-to-door public transit service that is a cost effective and accessible means of transportation to all of the residents of Red Deer, as well as providing Regional Service with our municipal partners where it is cost neutral.

CITY OF RED DEER

2020 Operating Budget - Protective Services Division

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	41,659,709	41,924,332	0.64%	264,623
Contracted services	3,560,963	3,647,219	2.42%	86,256
Materials and supplies	1,630,589	1,554,466	(4.67%)	(76,123)
Purchase from other governments	25,822,701	25,224,023	(2.32%)	(598,678)
Other expenses	247,400	222,400	(10.11%)	(25,000)
Amortization of tangible capital assets	2,829,188	2,817,524	(0.41%)	(11,664)
	75,750,550	75,389,964	(0.48%)	(360,586)
Revenues				
Sale of goods & services	12,162,188	12,168,188	0.05%	6,000
Operating government transfers	4,121,059	3,798,344	(7.83%)	(322,715)
Fines and penalties	3,510,875	2,688,895	(23.41%)	(821,980)
Other revenue	848,541	882,541	4.01%	34,000
	20,642,663	19,537,968	(5.35%)	(1,104,695)
Other Transfers				
Internal Revenue & (Expenses)	(1,845,551)	(2,061,437)	11.70%	(215,886)
Transfers from (to) operating	(548,564)	(548,564)	0.00%	-
Internal Transfers- Tangible Capital Assets	2,829,188	2,817,524	(0.41%)	(11,664)
Contribution from (to) reserves	6,000	6,000	0.00%	-
	441,073	213,523	(51.59%)	(227,550)
Net Requirements	54,666,814	55,638,473	1.78%	971,659

The Protective Services Division includes the Protective Services Directorate, Emergency Services and Police

CITY OF RED DEER

2020 Operating Budget - Protective Services Directorate

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	621,100	621,100	0.00%	-
Contracted services	255,314	322,601	26.35%	67,287
Materials and supplies	7,801	7,801	0.00%	-
Amortization of tangible capital assets	7,993	8,082	1.11%	89
	892,208	959,584	7.55%	67,376
Other Transfers				
Internal revenue & (expenses)	(700)	(700)	0.00%	-
Internal Transfers- Tangible Capital Assets	7,993	8,082	1.11%	89
	7,293	7,382	1.22%	89
Net Requirements	884,915	952,202	7.60%	67,287

The Protective Services Directorate provides overall leadership and management support to Police department and Emergency Services department to help create a Community, where people and property are safe from crime, harmful activities, and other hazards.

CITY OF RED DEER

2020 Operating Budget - Emergency Services

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	32,279,078	32,405,790	0.39%	126,712
Contracted services	1,220,012	1,209,312	(0.88%)	(10,700)
Materials and supplies	1,261,728	1,266,023	0.34%	4,295
Other expenses	245,000	220,000	(10.20%)	(25,000)
Amortization of tangible capital assets	1,653,659	1,499,531	(9.32%)	(154,128)
	36,659,477	36,600,656	(0.16%)	(58,821)
Revenues				
Sale of goods & services	12,162,188	12,168,188	0.05%	6,000
Operating government transfers	1,582,312	1,582,312	0.00%	-
Other revenue	276,536	270,536	(2.17%)	(6,000)
	14,021,036	14,021,036	0.00%	-
Other Transfers				
Internal revenue & (expenses)	(1,529,960)	(1,745,276)	14.07%	(215,316)
Transfer from (to) operating	(548,564)	(548,564)	0.00%	-
Internal Transfers- Tangible Capital Assets	1,653,659	1,499,531	(9.32%)	(154,128)
Contribution from (to) reserves	6,000	6,000	0.00%	-
	(418,865)	(788,309)	88.20%	(369,444)
Net Requirements	23,057,306	23,367,929	1.35%	310,623

Emergency Services Department provides fire suppression, rescue, hazardous materials response, emergency medical response, 9-1-1 emergency medical and fire dispatch, fire and injury prevention and public education to the citizens of Red Deer and Central Alberta to save lives, property and minimize damage to the environment.

CITY OF RED DEER

2020 Operating Budget – Police

Description	2019 Approved	2020 Recommended	Variances 2019-2020 Budget	
			Over (Under) 2019 Budget %	Over (Under) 2019 Budget \$
Expenses				
Salaries, wages, and benefits	8,759,531	8,897,442	1.57%	137,911
Contracted services	2,085,637	2,115,306	1.42%	29,669
Materials and supplies	361,060	280,642	(22.27%)	(80,418)
Purchase from other governments	25,822,701	25,224,023	(2.32%)	(598,678)
Amortization of tangible capital assets	1,167,536	1,309,911	12.19%	142,375
Financial charges	2,400	2,400	0.00%	-
	38,198,865	37,829,724	(0.97%)	(369,141)
Revenues				
Operating government transfers	2,538,747	2,216,032	(12.71%)	(322,715)
Fines and penalties	3,510,875	2,688,895	(23.41%)	(821,980)
Other revenue	572,005	612,005	6.99%	40,000
	6,621,627	5,516,932	(16.68%)	(1,104,695)
Other Transfers				
Internal revenue & (expenses)	(314,891)	(315,461)	0.18%	(570)
Internal Transfers- Tangible Capital Assets	1,167,536	1,309,911	12.19%	142,375
	852,645	994,450	16.63%	141,805
Net Requirements	30,724,593	31,318,342	1.93%	593,749

CITY OF RED DEER

2020 Operating Budget – Police

The department provides high quality, innovative, community based police services through excellence in the prevention, education, enforcement, protection, investigation and intelligence services that preserves public safety in the community of Red Deer.

Major 2020 operating budget changes include:

- RCMP Member Contract (decrease expenses by \$427,972 and increase revenue by \$300,000): The City expects to pay less for the RCMP contract after factoring in the Police Officer Grant (POG) which contributes to the cost of three members as well as an increase to our vacancy rate to 9.8%. We currently only budget for a 5% vacancy.
- Increase to provincial share of traffic fine revenue (decrease revenue by \$821,980 and increase expenses by \$158,520): The province has increased the portion of fines it retains for all offences under the Traffic Safety Act fine revenue. Currently, the province keeps 26.6% of the fine amount for traffic violations, but starting in 2020, this amount will be increased to 40%.
- Urban encampments & debris cleanup on public Lands (increase revenue by \$162,040): The City of Red Deer is responsible for providing clean and safe public spaces (parks, road, and lanes) within our community. This provides funding towards parks cleanups and roadway needle collection related to rough sleeper and drug debris. This one-time funding is to fund drug debris and rough sleeper camper enforcement and cleanup programs for Municipal Policing Services, RPC, and Public Works. City Administration will continue to adapt and refine the management of rough sleepers and drug debris collection and continue to track and monitor costs. A total funding of \$397,278 is requested for various departments in the City.
- Police Member and Municipal Employee Resourcing 2020 (increase revenue by \$690,000): this was approved in 2019 for additional new police resources in 2020 to meet the needs and priorities of the Annual Policing Plan.

Scenarios for Tax Rate Reduction

Council's budget guidelines were approved on June 10, 2019 which proposed a tax rate at 2.5% for 2020 including a 1% for growth and amenities. The recommended budget from Administration meets that guideline. In achieving that target Administration has incorporated various corporate level strategies such as increasing the vacancy factor as well as smaller individual department initiatives to increase revenue or reduce costs. All of these have been incorporate into the budget presented.

The budget guideline is given at a point in time. Since approving these guidelines there have been changes in the economic environment, like the provincial budget, or changes in the community. Council has asked Administration to provide options on how that 2.5% could be reduced in light of this new context. The following have been developed at Council's request and outlines options Council could consider as it debates the budget for 2020.

For reference, a 1% reduction in the tax rate is estimated to be approximately \$1.37 million.

Starting point:

Council directed Administration to build a budget at no more than 2.5% tax rate and 2.5% for the utilities.

2.5% tax increase	\$ 3,415,425 increase	Total overall budget \$ 385,679,498
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Option one:

Eliminate the transfer of \$500,000 from operating to the operating reserve tax supported.

\$ current increase	(\$500,000)	New increase: 0
This would bring the current tax levy required to 2.13%		

The operating reserve tax supported is a reserve used to offset one time expenditures and major initiatives. As operating budgets become less flexible, it is anticipated there will be less of a transfer available from the positive variance to the operating reserve. This reserve is critical in paying for one time expenditures and major initiatives such as an annexation and may make it more challenging to address emerging issues in the future.

Option two:

Reduction of the 1% towards capital: growth and amenities

\$ current increase	(\$1,364,000) for capital	New increase : 0
This would reduce the tax required to 1.49% or combined with the removal of the operating transfer to 1.13%.		

This reduction does not have an impact on the 2020 capital budget. See table below to outline the impact of the reduction of various amounts. Based on the current capital plan approved by Council in November 2019 the reduction to 1% capital contribution starts to have a noticeable impact in 2024. Council could consider the reduction of 1% or a lesser amount.

In order for this to have an impact on the tax required, it must be an ongoing reduction.

Reduction %	Value	Impacts
25%	\$ 341,000	Equivalent to a 0.25% reduction in property tax Impact is a negative balance in DRR / CPR beginning in 2026 peaking at \$13.4 million in 2028
50	\$ 682,000	Equivalent to a 0.50% reduction in property tax Impact is a negative balance in DRR / CPR beginning in 2024 peaking at \$30.2 million in 2029
75	\$ 1,023,000	Equivalent to a 0.75% reduction in property tax Impact is a negative balance in DRR / CPR beginning in 2024 peaking at \$49.1 million in 2029

Option three:

Reduction in ongoing tax supported expenditures yet to be identified.

Service level cost reductions are possible if Council identifies operations/services/programs it would like reduced.

\$ current increase	Unknown service level increase	xxxxx
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THE STRATEGIC DIRECTION



Red Deer City Council has chosen five key goals in two categories as their 2019-2022 Strategic Direction. The organization's efforts will be directed and coordinated around these five goals. They were chosen as the most important areas requiring change or transformation after considering community input, best practices, and current organizational initiatives. They were also chosen as the areas that will move Red Deer towards the vision of our future: innovative thinkers creating inspired results by a vibrant community.

FIVE KEY GOALS

Red Deer is:

- A safe community
- A socially responsible city
- A chosen destination
- An economic leader

The City of Red Deer provides:

- Citizen focused service

GOAL STATEMENT

Red Deer is...				The City of Red Deer provides...
A safe community	A socially responsible city	A chosen destination	An economic leader	Citizen focused service
Red Deer is a safe and secure community. Safety is strengthened through a focus on enforcement, as well as prevention, intervention and education.	Red Deer offers a welcoming community where everyone can enjoy a high quality of life. As a community, together we advocate for much needed social infrastructure and build a resilient community.	We are a four-season destination where visitors and residents enjoy our parks, trails and distinctive amenities, all within our "city in a park". Centrally located in the province, we attract events that generate investment and enhance our community identity.	We have a strong, dynamic economy, fostered by entrepreneurship and innovation. Leveraging our central location, Red Deer is an economic hub with a revitalized downtown and diverse local economy.	Citizens are confident they receive value in the services provided by The City. We are committed to service excellence and review operations to ensure efficiency and effectiveness.

Terms of Reference

Account descriptions for Summary of Gross Revenue and Expense

Tax Levy – the total amount of property taxes charged for municipal programs only; it does not include the property tax collected for the provincial school requisitions and other requisitions.

User Fees and Sales of Goods & Services – the revenue generated from user fees related to consumption of service, ambulance and dispatch fees, transit fares, facility rentals and fees, land sales and other fees.

Other Revenue – the revenue generated from government grants, municipal consent and access fees (MCAF – also known as franchise fees), fines and penalties, licenses and permits and investment income.

Transfers – depreciation offsets and transfers to / from reserves
General Programs – includes property tax related expenditures, corporate provisions and payroll benefits

City Manager Division – includes Mayor and City Manager department, Human Resources department and Communications & Strategic Planning department

Corporate Services Division – includes Revenue and Assessment department, Information Technology Services department, Legislative Services department and Financial Services department

Development Services Division – includes Engineering Services department, Public Works department, Environmental Services department and Electric, Light & Power department

Community Services Division – includes Social Planning department, Transit department and Recreation, Parks & Culture department

Planning Services Division – includes Planning department, Inspections & Licensing department and Land & Economic Development department

Protective Services Division – includes Emergency Services department and Police department

Revenues

Contributed assets – fair market value of fixed assets transferred to the City by a third party

Fines and penalties – a charge for non-compliance with rules and regulations

Franchise fee – fee charged to utilities for the right to operate within municipal boundaries and to compensate for the disruption of municipal surface infrastructure by the utilities underground infrastructure; also known as a municipal consent and access fee (MCAF)

Investment income – interest earned on surplus cash

Municipal tax revenue – the property tax charged for municipal programs only (does not include taxes charged for requisitions)

Operating government transfers – operating grants received from other orders of government

Other revenue – all other revenues not included in a category above

Sales to other government – fees related to the sale of goods and services to other government organizations

User fees and sale of goods & services – fees related to the consumption of a service (includes Utility revenue), ambulance and dispatch fees, transit fares, facility rentals and fees, land sales and other fees

Other Transfers

Contribution from (to) reserves – transfers to / from reserves from operating

Debt principal payments – the principal portion of debt payments

Internal transfers – tangible capital assets – depreciation offset for operations other than utilities and Fleet

Internal revenue & (expense) – charge and revenue for individual services provided by one department to another department

Transfers from (to) capital – charges to / from capital jobs to / from operating

Transfers from (to) operating – transfers to / from one department to another department not related to individual services provided

Expenses

Amortization of tangible capital assets – depreciation of fixed assets

Contracted services – services provided by third parties

Financial charges – debt principal and interest payments

Grants to organizations – grants paid to third parties

Materials and supplies – general goods and supplies provided by third parties

Other expenses – all other expenses not included in a category above

Purchase from other governments – goods and services provided by another order of government

Salaries, wages and benefits – employee compensation

Department Abbreviations

CMD	City Manager
CSP	Communications & Strategic Planning
CSV	Community Services Directorate
COR	Corporate Services Directorate
DEV	Development Services Directorate
ELP	Electric, Light & Power
ESD	Emergency Services
ENG	Engineering Services
ENV	Environmental Services
FIN	Financial Services
GEN	General Programs
HRD	Human Resources
INL	Inspections & Licensing
ITS	Information Technology Systems
LED	Land & Economic Services
LGS	Legislative Services
PDV	Planning Services Directorate
PLN	Planning Services
POL	RCMP
PSD	Protective Services Directorate
PWS	Public Works
RPC	Recreation, Parks & Culture
RAS	Revenue & Assessment Services
SOC	Social Planning
TRN	Transit