



*October 17, 2003*

Mayor Gail Surkan  
City of Red Deer  
Box 5008  
4914 – 48<sup>th</sup> Avenue  
Red Deer, AB T4N 3T4

## **RE: 2004-05 Municipal Budget**

The Red Deer Chamber of Commerce with its more than 850 corporate members, will help all business succeed by fostering the most vibrant community in Canada.

We view the economic health of our community as a partnership. The City is the heart of our standard of living. The businesses create the jobs, opportunity and prosperity. This why the Red Deer Chamber of Commerce believes it has a responsibility to provide comment, direction, and support to the City's financial planning process.

### **Background**

Our pre-budget submission in October 2002 identified some of the realities the City of Red Deer faces. Population growth has doubled over the past 35 years placing stress on infrastructure and service delivery. In addition, Red Deer is the anchor for the Central Alberta region and therefore provides services to commuters, visitors, truckers, conventioners, and tourists who use City services but do not contribute to the residential property tax base.

These challenges are exacerbated by a property tax funding structure that, by its nature, has not kept pace with revenue requirements at a time when the Government of Alberta has downloaded some services it traditionally delivered and reduced the Municipal Assistance Grant.

Our comments in this letter are offered in the spirit of cooperation and a commitment to sustain a vibrant community where business can thrive and business owners, employees and their families can enjoy a great quality of life.

### **1) Revenue Sources**

The Red Deer Chamber of Commerce continues to believe that part of the solution lies in identifying innovative and responsible revenue sources.

Property tax reform may be one of the avenues to address the fact that property taxes do not grow at an adequate rate to sustain the needs of the City.



The Chamber continues to believe that there is a need to augment them which may be found in effective use of grants and revenue sharing. In 2002 we indicated a desire to work together to identify these other revenue sources and create the mechanisms to establish or re-establish them.

The Chamber Board of Directors is pleased to join City Council on November 24, 2003 to begin to explore avenues of cooperation.

## 2) Spending

The question of revenue is not complete without also addressing spending. The City, like other levels of government is facing an extra-ordinary challenge. After putting the fiscal house in order and exhausting much of the unallocated capital reserve, it is becoming clear that the demand for spending on services and infrastructure is increasing.

### 2.1 Spending - Prioritizing Core Responsibilities:

Last year, the Chamber urged the City to identify its core or required services, to prioritize those, and ensure core, high priority services are funded first. This sentiment is echoed in an October 2003 Canada West Foundation report, *A Capital Question, Infrastructure in Western Canada's Big Six*. Author Casey Vander Ploeg writes:

*Of all western industrialized countries in the OECD, Canada has one of the lowest rates of public and private investment as a percentage of GDP, but one of the highest rates of government consumption as a percentage of GDP. Canadians, whether acting by themselves or through their governments, may simply be consuming too much of the national wealth as opposed to investing it. While consumption is key to a well functioning economy, it is public and private investment that drives economic growth and productivity gains. To protect and even increase our ability to produce wealth in the future, Canadians must reconsider areas where investments need to occur.*

The Red Deer Chamber of Commerce continues to urge the City of Red Deer to budget for core responsibilities and leave all other responsibilities for the end of the budget decision-making process. We acknowledge that some steps have been taken to approach spending in this manner. Our restricted fiscal environment demands we be even more vigilant about identifying top priorities, and leaving all other responsibilities for consideration at the end of the budgeting process.

The core services we view as most important at this time concur with those identified in the Alberta Urban Municipalities Association's (AUMA) *President's Summit on Municipal Finance Report*. They include:

- Policing, ambulance, fire suppression / rescue
- Water treatment and distribution



- Solid waste collection and disposal
- Leisure, parks and culture
- Land use planning, inter-municipal planning
- Licensing & permitting

Infrastructure is also on the AUMA's list and we see it as a critical component of planned spending.

## **2.2 Spending - Infrastructure:**

Red Deer is in an enviable position with respect to infrastructure when compared to a number of other communities. Our rapid growth however, is creating an infrastructure deficit as we are unable to fund projects necessary to accommodate the expansion. This is occurring at a time when our aging support systems are in need of maintenance, rehabilitation, or replacement.

In Red Deer we believe the infrastructure deficit resides in transportation – roads, traffic control, bridges, and interchanges. The next largest areas of under funded infrastructure needs are industrial land, public works and parks.

The joint Chamber / City meeting scheduled for November 24, 2003 may begin to address funding of these issues for the future.

In terms of the 2004-05 budget, the Chamber strongly encourages the City to place a high priority on infrastructure, investing in both rehabilitation and new capacity.

## **Conclusion**

The Red Deer Chamber of Commerce has provided these comments in the spirit of continuous improvement. We trust that they will assist the City as it strives to balance revenue with the cost of service delivery.

We look forward to working with the City to help resolve issues that stand in the way of Red Deer's pre-eminence as a place to work and live.

Yours truly,

RED DEER CHAMBER OF COMMERCE

Glenn Simon  
President (2003-04)

cc City Councillors