



3017 Gaetz Avenue
Red Deer, Alberta
Canada T4N 5Y6

December 21, 2018

Mayor Tara Veer
Box 5008
Red Deer, AB T4N 3T4

Dear Mayor Veer,

On behalf of our 850 members I would like to take this opportunity to urge Council to exercise the utmost fiscal restraint through the operating budget deliberations with the goal of increasing the competitiveness of our City's tax rates and promoting growth.

As you are aware our City is struggling with development and growth, the effects of which are rippling through our economy and resulting in significant job losses in our most productive industries.

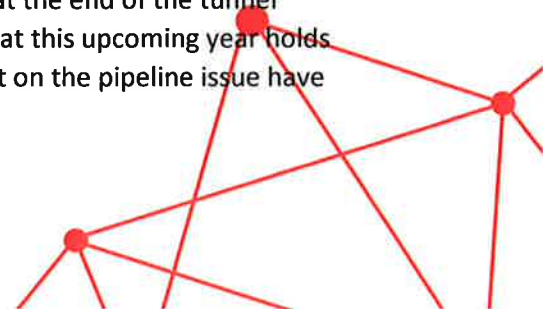
Declining home affordability from increased costs levied upon developers has contributed to the collapse of the homebuilding sector and significant job losses in the construction industry. This cost differential makes it difficult for the City to attract new residents and grow the tax base. You only need to look at permit activity in surrounding towns to see the housing starts far exceed the activity in Red Deer, on a per capita basis.

On its own a 'modest' increases to property taxes may seem trivial but combined with the array of other cost increases levied upon business, a tax increase can be the proverbial straw that breaks the camel's back.

It is a regular and unpleasant occurrence to hear our members discuss their struggles in this economy. Most do not expect to grow and will be happy to maintain the status quo. Many businesses are dealing with layoffs, reduced staff hours, and unsustainable losses.

It was with this in mind we were especially disappointed to read about exempt City of Red Deer staff getting a raise under the guise of "remaining competitive with other municipalities and organizations to be able to attract required management skills." As you are no doubt aware, the provincial government chose to freeze exempt staff wages at AHS and other government agencies. While we don't discount the important role and skills of City staff, we do regularly hear of skilled workers leaving the private sector for the higher wages and benefits provided by government.

Given the economic outlook and increasing costs business faces, the light at the end of the tunnel appears to be a train. We at the Chamber share serious concerns about what this upcoming year holds for our economy. Weak energy prices combined with little to no movement on the pipeline issue have



resulted in energy companies slashing their capital expenditures and even less oil and gas activity in 2019 than there was in 2018. Likewise, poor weather resulted in a tough year for our other major economic driver, agriculture. The direct and ripple effect will be felt through our City's economy as fewer dollars flow through to our residents and businesses.

As no increase to taxes will be of benefit to our existing businesses, it will be of great advantage to our City's competitiveness and ability to attract business. Unquestionably, the de facto competition with the County and the inherent benefits of locating a business there is having an impact on the City's ability to not only attract investment but retain the businesses we have. You don't have to look further than the number of major accounting firms that have found enough benefit to warrant moving and building in the County. We at the Chamber represent business in both municipalities and believe healthy competition will be of benefit to all involved. Unfortunately, at this point, we do not believe the City is competitive with the County when it comes to the factors that attract and retain business.

Through reading the December 12 press release on the Proposed 2019 Operating Budget we understand administration's worthwhile goals of community safety and sustainability. However, the proposed budget makes no mention of reducing spending or increasing efficiency within the City's operations. It is our belief based on observations and the successes found in other municipalities throughout our province there are significant efficiencies to be found in how the City provides its services including increasing the utilization of private sector contract services, additional wage freezes and a potential hiring freeze for non-essential personnel. As our businesses and citizens have had no choice but to adapt to this economic climate, so should the City of Red Deer.

Other mid-sized such as Chestermere and Grande Prairie have found ways to make meaningful reductions to the tax burden on their resident's and business through 2019. We are confident that there are significant efficiencies and reductions that can be made within the City's \$350 million Operating Budget to do the same without having a major impact on front-line services.

Lastly, through conversations with City staff we understand that steps are being taken to streamline the regulatory process. However, based on recent conversations with business members dealings with the City remain far more difficult, costly, and lengthy in contrast to other municipalities.

Please understand we make these recommendations based on our devotion to our City and sincere concerns about the future prospect of our City's ability to manage with increasing competition from other municipalities and a weak economy. We appreciate the opportunity to work with you to advance these very important concerns.

RECOMMENDATIONS:

- **We would like the City of Red Deer to examine and reprioritize current and future spending so that it may pursue both operating and capital budgets that allow it to develop and eventually boast a competitive tax advantage over other municipalities in Alberta by aiming for a 0% tax increase this upcoming fiscal year**
- **Actively explore additional opportunities to contract out services with the goal of reducing the staff and equipment under City management and ownership**

- **In consultation with the private sector and other municipalities, continue the review of the current regulatory system with the goal of improving the cost, efficiency and timing of development permitting and licencing processes and approvals.**
- **Pursue modest cuts in spending in areas identified as being of “low priority” or having a high level of “satisfaction” according to the 2018 Citizen Satisfaction Survey**

Sincerely yours,



Rick More
Interim-CEO
Red Deer & District Chamber of Commerce

Cc: Councillor Buck Buchanan
Councillor Michael Dawe
Councillor Tanya Handley
Councillor Vesna Higham
Councillor Ken Johnston
Councillor Lawrence Lee
Councillor Frank Wong
Councillor Dianne Wyntjes
City Manager Craig Curtis