



January 5, 2018

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

Dear Mayor Veer:

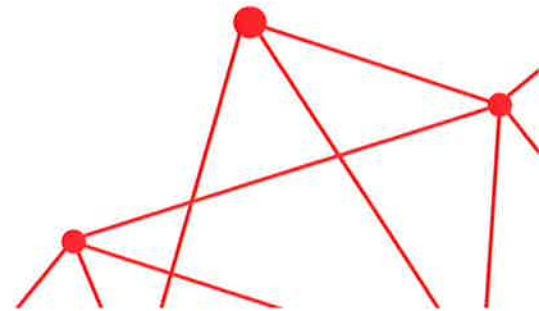
Thank you for the opportunity to provide input into the City of Red Deer's upcoming operational budget. As the voice of business for the City of Red Deer and surrounding region, we look forward to working with you, your council colleagues and administration to ensure that the City of Red Deer remains poised to take full advantage of every opportunity to ensure the health of our region's business environment.

Let me begin by saying how much we appreciated your efforts, and those of the previous council to do its best to hold the line on tax increases in last year's budget. We feel that the process of collaboration between the City of Red Deer and the Red Deer & District Chamber of Commerce was a positive one for all parties concerned.

With respect to this upcoming operational budget, the Red Deer & District Chamber of Commerce would like to express our concern with the current and future growth of our city's economy. For many years, much of Red Deer's growth has been a function of high commodity prices and activity in the oil and gas sector. Unfortunately, we believe those days are in the past and to continue growing our economy, we believe firm steps should be taken to increase our competitiveness and attractiveness as a place to do business.

The Red Deer & District Chamber of Commerce acknowledges there may be particular circumstances that warrant spending increases greater than inflation and population growth such as priority infrastructure needs. However, the danger is that when spending growth consistently exceeds inflation and population growth, property tax increases and user fees can easily escalate beyond affordability for many families and business owners already struggling to pay rents and mortgages, in addition with having to keep up with rising service and labour costs.

Red Deer is also unique in that it must remain competitive with neighboring municipalities that can piggyback on the premium services available throughout the region and yet offer a lower tax environment to businesses and residents.



In a recent report compiled by the Canadian Federation of Independent Business analyzing property tax fairness, Red Deer ranked 48th out of the 87 Alberta municipalities compared. Since 2007 Red Deer has decreased the gap between taxes paid by residential and non-residential properties by 13%. However there remains a significant and costly disparity in taxes paid by Red Deer businesses compared to similar municipalities, leaving small business owners in Red Deer at a competitive disadvantage to many of their provincial counterparts.

The chamber would also like to see the city continue reviewing its policies to utilize more P3s as appropriate and more contracting-out in situations that can result in reductions to the city's overhead costs or that can result in services performed more effectively and efficiently by the private sector.

With a similar goal in mind, the city may also want to consider the potential transfer of some assets to private ownership and operation.

Finally, efficient and effective interactions with business are critical to attracting and retaining business investment in the city, as is a prevailing business friendly culture. Costly and timely delays in the regulatory areas of licensing, approvals, and compliance have been reported by a variety of sources and create a significant barrier to the efficiency of a business' operations. Failure to act on these issues will continue to hinder the attractiveness and competitiveness of the City of Red Deer.

RECCOMENDATIONS:

- ***We would like the City of Red Deer to examine and reprioritize current spending so that it may pursue both operating and capital budgets that will allow the City of Red Deer to develop and eventually boast a competitive tax advantage over other municipalities in Alberta by aiming for a 0% tax increase for the upcoming fiscal year.***
 - ***Additionally, using 2008 as a baseline, limit future tax increases so that spending eventually falls into line with a rate determined by population increases and inflationary growth.***
- ***We call on the City of Red Deer to maintain a greater connection between services provided and taxes paid by continuing with reasonable and affordable user-pay mechanisms where applicable and by contracting-out services that can be performed more effectively and efficiently by the private sector so as to save on future capital and operational costs.***
- ***The chamber also urges the city to initiate a public review of its current regulatory system (policies and procedures) with the goal of improving the efficiency and timing of development permitting and licencing processes and approvals. Furthermore, focus must continue to be directed to establishing a business-friendly culture within the city as a key support to improved business support services.***

Taking these concrete steps to reduce the difficulty and cost of doing business in Red Deer will assist in the success and retention of businesses currently here and attract new ones to the city, but in order to do so the city will have to take a hard look at the efficacy of current spending and reprioritize objectives as appropriate.

We would welcome the opportunity to meet with you to discuss our suggestions in greater detail so that we can work together in incorporating these items into the upcoming operational budget.

Kind regards,

A handwritten signature in black ink, appearing to be 'John Mackenzie', written over a printed name and title.

John Mackenzie
President

Cc: City Council
City Manager

A handwritten signature in blue ink, appearing to be 'Robin Bobocel', written over a printed name and title.

Robin Bobocel
CEO