

Information Brief



Council Meeting date: April 20, 2026

Referred by: Administrative Committee – April 1, 2026
Audit Committee – April 8, 2026

Prepared by: Kristen Young, Manager, Financial Control & Reporting/City Controller

Department: Finance

TRI-ANNUAL MANAGEMENT REPORT FOR THE PERIOD ENDING DECEMBER 31, 2025

FOR INFORMATION ONLY

The City provides Municipal Services (including infrastructure) to its residents and surrounding area. It operates enterprise business units offering rate-based utility and energy production activities as well as land development and real estate. The December 2025 Tri-Annual Management Report brings together the financial results of these activities including the impact to reserves and the investment portfolio.

It is recommended, through the Administrative Committee and Audit Committee, that Council receives the Tri-annual Management Report for the period ending December 31, 2025, for information.

STRATEGIC ALIGNMENT

Innovation <input type="checkbox"/>	Economic Evolution <input type="checkbox"/>	Service Orientation <input type="checkbox"/>
Partnerships & Governance <input type="checkbox"/>	Community Wellness <input type="checkbox"/>	Resiliency & Sustainability <input checked="" type="checkbox"/>

RELEVANT LEGISLATION / PREVIOUS COUNCIL MOTIONS

On January 6, 2025, Budget Amendment Policy 0183 was approved by City Council. The policy states that all budget transfers must be reported on Tri-Annually.

On June 16, 2025, Council directed Administration to provide the following statistical information where there are greater than five data points for a reporting period within the tri-annual report:

1. A cumulative summary of severance payments;
2. A cumulative summary of bonuses paid provided that such information would not be an unreasonable invasion of privacy pursuant to relevant legislation as determined by the ATIA Head.
3. Total number of head count – with definitions

BACKGROUND / ANALYSIS

Operations

Earnings Before Interest, Taxes, Depreciation, Amortization (EBITDA) or Net Surplus (Deficit)	As at December 31, 2025 (in millions of dollars)		
	Budget Net Surplus (Deficit)	Actual Net Surplus (Deficit)	Variance from Budget
TAX SUPPORTED DEFICIT BEFORE OTHER CONTRIBUTIONS	(37.5)	(38.2)	(0.7)
TOTAL OTHER CONTRIBUTIONS	37.5	38.2	0.7
2025 SURPLUS/(DEFICIT)	(11.1)	10.5	21.6
TOTAL LAND DEVELOPMENT & REAL ESTATE EBITDA	(0.8)	(0.5)	0.3
TOTAL RATE BASED UTILITIES EBITDA	41.5	45.3	3.8
TOTAL ENERGY PRODUCTION EBITDA	40.8	41.8	1.0

Tax Supported (Municipal Services):

Tax Supported operations ended the year with a net deficit, before other contributions/investment earnings/interest bearing reserve transfers, of \$38.2 million. This is unfavorable from budget by \$0.7 million as a result of lower court fine revenue due to new provincial legislation, unbudgeted legal fees related to Access to Information Act (ATIA) requests, higher costs in Parks and Recreation due to unbudgeted salaries and wages to meet seasonal requirements and address encampment cleanup, higher salaries and wages in Fire and Emergency Services due to ongoing contract negotiations which are anticipated to settle higher than budget, and greater than budgeted employee benefits. This unfavourable variance is offset by less than budgeted Grants in Lieu of Taxes (GIPO) write offs, three large permit applications in Planning and Development Services, and savings from positional vacancies.

The 2025 budgeted deficit, or budget gap, was anticipated to be \$11.1 million and funded through operating (tax rate stabilization) reserves. However, the City's investment portfolio recognized higher than anticipated investment returns and realized gains from rebalancing the investment portfolio. These investment funds were used to offset the net deficit, rather than using reserves. In addition, \$30.0 million of investment funds were transferred to interest bearing reserves as per Policy 0168, Financial Reserves Policy.

A \$10.5 million surplus remained in tax supported operations after funding of expenses and transferring a portion of investment income to interest bearing reserves. This \$10.5 million was transferred to operating (investment income) reserves, to be used to offset investment losses in subsequent years.

Land Development & Real Estate:

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a deficit of \$0.5 million at December 31, 2025, which is better than budget by \$0.3 million. This is primarily due to more lot sales than originally budgeted.

Rate Based Utilities:

EBITDA is \$45.3 million at December 31, 2025, which is higher than budget by \$3.8 million. This is primarily due to increased transmission demand in Electric Distribution, increased consumption in Gas Distribution, the one-time sale of recycling carts, switching suppliers for chemicals in water, and the delay in opening of the solids handling facility. This favourable variance is offset by unbudgeted employee benefits and a decrease in the market value of carbon credits in Solid Waste. In addition, the budgeted revenue related to an extension for emission offsets beyond 2024 for the current solids handling facility was not approved.

Energy Production:

EBITDA is \$41.8 million at December 31, 2025, which is higher than budget by \$1.0 million. This is primarily due to higher electric commodity prices offset by lower gas commodity pricing due to production issues and an oversupplied market. Electric generation also saw cost savings from the lower gas commodity prices and lower carbon tax as a result of acquiring lower cost credits.

Capital

The total approved capital budget of \$751.2 million consists of current year as well as prior year carry forwards.

Tangible Capital Asset (TCA) Activity	Approved budget (\$000's)	Spent to date (\$000's)	Estimated amount to spend to complete (\$000's)	Estimated cost at completion (\$000's)	Variance from budget (\$000's)
TOTAL TAX SUPPORTED TCA	\$ 144,226	\$ 105,818	\$ 42,544	\$ 148,362	\$ (4,136)
TOTAL LAND DEVELOPMENT & REAL ESTATE TCA	\$ 132,471	\$ 87,491	\$ 42,930	\$ 130,421	\$ 2,050
TOTAL RATE BASED UTILITIES TCA	\$ 159,313	\$ 108,498	\$ 53,485	\$ 161,983	\$ (2,670)
TOTAL ENERGY PRODUCTION TCA	\$ 315,158	\$ 171,029	\$ 132,085	\$ 303,113	\$ 12,045
TOTAL CITY TCA	\$ 751,168	\$ 472,836	\$ 271,043	\$ 743,879	\$ 7,289

At December 31, 2025, \$472.8 million of the approved budget has been spent or committed. The remaining amount to spend to complete the projects is \$271.0 million and the total estimated cost to complete the current outstanding projects is \$743.9 million, which is \$7.3 million less than budget. The positive variance is primarily due to lower than expected costs in gas production abandonments.

Budget Amendments and Contingency Spending

1. Council

At December 31, 2025, Council approved eighteen budget amendments: thirteen operating totaling a budget reduction of \$0.9 million and five capital for \$96.9 million. The total tax impact of these amendments is 2.11%. A full listing of approved budget amendments is provided in Appendix 1, Page 19.

2. City Manager

At December 31, 2025, the City Manager (CAO) approved nineteen budget reallocations and/or funding sources changes: nine operating and ten capital. The reallocations and funding sources changes have a nil net effect on the overall operating and capital budgets, with the exception of the critical budget amendment related to the energy division approving \$3.1 million. A full listing of approved budget amendments is provided in Appendix 1, Page 20 and Page 21.

3. Contingency

At December 31, 2025, there were two requests for decisions approved in which the City Manager Operating Contingency was used: one was re-paid by a grant, resulting in a nil net effect and the other request totaled \$85K. These details are included on Appendix 1, Page 22.

There have been no budget amendments approved as of December 31, 2025 in which the City Manager Capital Contingency or Capital Grant Contingency have been used.

People Metrics

At December 31, 2025, a cumulative total of \$1.5 million has been paid out to 14 people in severance and \$0.5 million has been paid to 42 people in bonuses. Bonus payments are related to non-tax supported departments.

The total headcount of City of Medicine Hat employees at December 31, 2025 is 1547, which includes 59 vacant positions.

Headcount and full-time equivalents are related but distinct. Headcount refers to the total number of individuals employed by the City, including full-time, part-time, temporary, and contract staff. Full-time equivalents are approved roles intended for ongoing service delivery and are typically included in the City's annual staffing plan. It is possible for an employee to hold more than one position.

It is possible for an employee to hold multiple positions, therefore inflating the headcount. In addition, headcount may be higher due to temporary or seasonal employees supporting City operations.

The details on People Metrics, including employment type definitions, can be found in Appendix 1, Page 23.

Treasury

At December 31, 2025, the City of Medicine Hat had \$840.5 million in cash and investments with \$93.4 million unrestricted and \$747.1 million restricted for operating, grants/donations, capital, abandonment obligations, energy transition, and the Medicine Hat Endowment Fund. The entire \$840.5 million is invested by Treasury to form the investment portfolio.

The investment portfolio saw an overall return of 11.16% in 2025, which outperformed the benchmark by 1.69%. The portfolio is well diversified by asset class and geography. The investment portfolio is expected to generate a positive annual return of 5.5% over a rolling five-year period.

The City utilizes debt to finance a portion of its capital program. At December 31, 2025, the City has outstanding debt of \$465.3 million consisting of \$418.5 million in long-term debt, \$45.4 million in letters of credit, \$0.5 million in credit cards and \$0.9 million in loan guarantees with an overall debt-to-revenue percentage of 53% which is below the internal threshold of 70% and the MGA limit of 100%.

FINANCIAL IMPLICATIONS

Financial impact of actual results at December 31, 2025 are described in the background/analysis section above.

INTERNAL AND EXTERNAL ENGAGEMENT CONSIDERATIONS:

Departments have provided information regarding variances, operating highlights, and updates on business plan goals. The December Tri-annual report provides the City of Medicine Hat financial information for Council.

PUBLIC PARTICIPATION REQUIRED FOR IMPLEMENTATION

The public will be informed of the City's financial results as of December 31, 2025.

Inform

Consult

Involve

Collaborate

Empower

ALTERNATIVE OPTIONS / PROS AND CONS

There are no alternative options related to the presentation of financial information.

IMPLEMENTATION PLAN

This report is for information only.

REVIEWED /APPROVED BY:	Lola Barta Interim Managing Director of Corporate Services and CFO	2026-03-25
ATTACHMENTS:	1. City of Medicine Hat Summary Management Report as of December 31, 2025 2. City of Medicine Hat Detailed Management Report as of December 31, 2025	

City of Medicine Hat Management Report

Summary

For the Period Ended

December 31, 2025

Management Reports

For the Period Ended December 31, 2025

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EXECUTIVE SUMMARY

As of December 31, 2025

Tax Supported (Municipal Services):

TAX SUPPORTED (Municipal Services)			
	Net Year to Date Performance		
	Actual January to December 2025 (in 000's)		
	BUDGET	ACTUAL	VARIANCE
TOTAL TAX SUPPORTED REVENUE	129,674	134,187	4,513
TOTAL TAX SUPPORTED EXPENSES	169,402	170,116	(714)
NET INTERNAL REVENUE(EXPENSE) ALLOCATIONS	21,569	19,915	(1,654)
NET DEFICIT FROM TAX SUPPORTED OPERATIONS	(18,159)	(16,014)	2,145
OTHER EXPENSES AND TRANSFERS TO BE FUNDED			
INTEREST AND PRINCIPAL	(6,803)	(8,161)	(1,358)
TRANSFER TO CAPITAL/ONE-TIME OPERATING INITATVES	(7,423)	(7,912)	(489)
TRANSFER (TO)/FROM NON-INTEREST BEARING RESERVES	(5,068)	(6,067)	(999)
TOTAL OTHER EXPENSES AND TRANSFERS TO BE FUNDED	(19,294)	(22,140)	(2,846)
NET DEFICIT BEFORE OTHER CONTRIBUTIONS/INVESTMENT EARNINGS/ INTEREST BEARING RESERVE TRANSFERS	(37,453)	(38,154)	(701)
CONTRIBUTION FROM UTILITIES	3,000	3,000	-
TRANSFER FROM ENDOWMENT FUND	5,000	5,000	-
TRANSFER INVESTMENT INCOME TO INTEREST BEARING RESERVES	(11,741)	(29,981)	(18,240)
INVESTMENT INCOME	30,094	66,859	36,765
GAIN ON FINANCIAL INSTRUMENTS	-	3,765	3,765
TOTAL OTHER CONTRIBUTIONS/INVESTMENT EARNINGS/ INTEREST BEARING RESERVE TRANSFERS	26,353	48,643	22,290
2025 (DEFICIT) SURPLUS BEFORE FINAL TRANSFER	(11,100)	10,489	21,589
TRANSFER FROM (TO) OPERATING RESERVES	11,100	(10,489)	(21,589)
2025 MUNICIPAL (DEFICIT) SURPLUS	-	-	-

Tax Supported operations ended the year with a net deficit, before other contributions/investment earnings/interest bearing reserve transfers, of \$38.2 million. This is unfavorable from budget by \$0.7 million as a result of lower court fine revenue due to new provincial legislation, unbudgeted legal fees related to Access to Information Act (ATIA) requests, higher costs in Parks and Recreation due to unbudgeted salaries and wages to meet seasonal requirements and address encampment cleanup, higher salaries and wages in Fire and Emergency Services due to ongoing contract negotiations which are anticipated to settle higher than budget, and greater than budgeted employee benefits. This unfavourable variance is offset by less than budgeted Grants in Lieu of Taxes (GIPOT) write offs, three large permit applications in Planning and Development Services, and savings from positional vacancies.

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CORPORATE OVERVIEW - COMBINED SUMMARY (in \$000's)			
Business Units:	Net Year to Date Performance Actual Jan to Dec 2025		
	Budget	Actual	Variance
TOTAL LAND DEVELOPMENT & REAL ESTATE EBITDA	(824)	(470)	353
TOTAL RATE BASED UTILITIES EBITDA	41,499	45,270	3,771
TOTAL ENERGY PRODUCTION EBITDA	40,817	41,789	972

Land Development & Real Estate:

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TAX SUPPORTED	Net Year to Date Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
GENERAL MUNICIPAL REVENUES										
Property Taxes	\$ 93,096	\$ 93,318	\$ 222	0%	Favourable variance due to higher than budget linear taxes and less than budgeted Grants in Lieu of Property Tax (GIPO) write-offs.	\$ 93,096	\$ 93,829	\$ 733	0%	Actual yearend variance is less favourable due to property tax adjustments that occur at yearend and are unable to be projected.
Revenue	\$ 9,993	\$ 9,540	\$ (453)	-5%	Unfavourable due to lower court fine revenue as a result of new Provincial legislation on automated traffic enforcement, lower than budget penalties on taxes and grant revenue budgeted but not received. This is offset by higher than budgeted Municipal Consent and Access Fees, interest on arrears taxes, parking fines, and unbudgeted vending machine revenue.	\$ 9,993	\$ 9,529	\$ (464)	-5%	N/A
Expenses	\$ 5,204	\$ 5,385	\$ (181)	-3%	Unfavourable due to unbudgeted realized losses on foreign currency transactions, unbudgeted legal fees offset by savings in external investment management fees.	\$ 5,204	\$ 5,316	\$ (112)	-2%	Actual yearend variance is more unfavourable due to higher than projected legal fees.
Internal Revenue	\$ 798	\$ 849	\$ 51	6%	Favourable due to higher than budgeted Municipal Consent & Access Fees.	\$ 798	\$ 853	\$ 55	7%	N/A
Internal Expenses	\$ 635	\$ 640	\$ (5)	-1%	N/A	\$ 635	\$ 642	\$ (7)	-1%	N/A
TOTAL GENERAL MUNICIPAL REVENUES	\$ 98,048	\$ 97,682	\$ (366)	0%		\$ 98,048	\$ 98,253	\$ 205	0%	
GENERAL GOVERNMENT										
MAYOR & COUNCILORS										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 846	\$ 985	\$ (139)	-16%	Unfavourable due to unbudgeted legal fees and higher than budgeted employee benefits.	\$ 846	\$ 931	\$ (85)	-10%	Actual yearend variance is more unfavourable due to higher than projected employee benefits.
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 164	\$ 164	\$ -	0%	N/A	\$ 164	\$ 164	\$ -	0%	N/A
MAYOR & COUNCILORS NET	\$ (1,010)	\$ (1,149)	\$ (139)	-14%		\$ (1,010)	\$ (1,095)	\$ (85)	-8%	
CITY MANAGER & MANAGING DIRECTORS										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 2,515	\$ 2,553	\$ (38)	-2%	N/A	\$ 2,515	\$ 2,672	\$ (157)	-6%	Actual yearend variance is less unfavourable due to staff vacancies that were not projected in November.
Internal Revenue	\$ 2,516	\$ 2,516	\$ -	0%	N/A	\$ 2,516	\$ 2,516	\$ -	0%	N/A
Internal Expenses	\$ 410	\$ 409	\$ 1	0%	N/A	\$ 410	\$ 410	\$ -	0%	N/A
CITY MANAGER & MANAGING DIRECTORS NET	\$ (409)	\$ (446)	\$ (37)	-9%		\$ (409)	\$ (566)	\$ (157)	-38%	
CITY SOLICITOR										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 1,090	\$ 1,021	\$ 69	6%	Favourable due to less utilization of external legal services.	\$ 1,090	\$ 1,043	\$ 47	4%	N/A
Internal Revenue	\$ 1,090	\$ 1,090	\$ -	0%	N/A	\$ 1,090	\$ 1,090	\$ -	0%	N/A
Internal Expenses	\$ 272	\$ 272	\$ -	0%	N/A	\$ 272	\$ 272	\$ -	0%	N/A
CITY SOLICITOR NET	\$ (272)	\$ (203)	\$ 69	25%		\$ (272)	\$ (225)	\$ 47	17%	
CITY CLERK										
Revenue	\$ 6	\$ 19	\$ 13	217%	N/A	\$ 6	\$ 15	\$ 9	150%	N/A
Expenses	\$ 998	\$ 1,272	\$ (274)	-27%	Unfavourable due to unbudgeted contracted services related to Access to Information Act (ATIA) requests.	\$ 998	\$ 1,265	\$ (267)	-27%	N/A
Internal Revenue	\$ 796	\$ 796	\$ -	0%	N/A	\$ 796	\$ 796	\$ -	0%	N/A
Internal Expenses	\$ 251	\$ 260	\$ (9)	-4%	N/A	\$ 251	\$ 258	\$ (7)	-3%	N/A
CITY CLERK NET	\$ (447)	\$ (717)	\$ (270)	-60%		\$ (447)	\$ (712)	\$ (265)	-59%	
PEOPLE SERVICES										
Revenue	\$ 136	\$ 266	\$ 130	96%	Favourable variance due to higher than budgeted reimbursements for union related work.	\$ 136	\$ 276	\$ 140	103%	N/A
Expenses	\$ 7,363	\$ 6,558	\$ 805	11%	Favourable variance due to lower than budgeted wages from vacant positions and delayed spending on contracted services.	\$ 7,363	\$ 6,380	\$ 983	13%	Actual yearend variance is less favourable due to the yearend employee benefit adjustment not included in November projections.
Internal Revenue	\$ 6,749	\$ 6,686	\$ (63)	-1%	Unfavourable due to lower than budgeted internal training recovery revenue.	\$ 6,749	\$ 6,714	\$ (35)	-1%	N/A
Internal Expenses	\$ 898	\$ 888	\$ 10	1%	N/A	\$ 898	\$ 890	\$ 8	1%	N/A
PEOPLE SERVICES NET	\$ (1,376)	\$ (494)	\$ 882	64%		\$ (1,376)	\$ (280)	\$ 1,096	80%	
ECONOMIC DEVELOPMENT										
Revenue	\$ 65	\$ 30	\$ (35)	-54%	N/A	\$ 65	\$ 41	\$ (24)	-37%	N/A
Expenses	\$ 1,588	\$ 1,547	\$ 41	3%	N/A	\$ 1,588	\$ 1,567	\$ 21	1%	N/A
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 443	\$ 443	\$ -	0%	N/A	\$ 443	\$ 444	\$ (1)	0%	N/A
ECONOMIC DEVELOPMENT NET	\$ (1,966)	\$ (1,960)	\$ 6	0%		\$ (1,966)	\$ (1,970)	\$ (4)	0%	
TOTAL GENERAL GOVERNMENT	\$ (5,480)	\$ (4,969)	\$ 511	9%		\$ (5,480)	\$ (4,848)	\$ 632	12%	
POLICE SERVICES										
Revenue	\$ 4,600	\$ 4,636	\$ 36	1%	N/A	\$ 4,600	\$ 4,623	\$ 23	1%	N/A
Expenses	\$ 28,451	\$ 28,675	\$ (224)	-1%	Unfavourable due to increased benefits costs and increased materials for the First Responder Academy (offset by revenue), offset by savings in contracted services and staff vacancies.	\$ 28,451	\$ 28,490	\$ (39)	0%	Projected variance did not include the yearend employee benefits adjustment.
Internal Revenue	\$ 197	\$ 149	\$ (48)	-24%	N/A	\$ 197	\$ 149	\$ (48)	-24%	N/A
Internal Expenses	\$ 3,867	\$ 3,874	\$ (7)	0%	N/A	\$ 3,867	\$ 3,845	\$ 22	1%	N/A
TOTAL POLICE SERVICES	\$ (27,521)	\$ (27,764)	\$ (243)	-1%		\$ (27,521)	\$ (27,563)	\$ (42)	0%	

Corporate Overview
Tax Supported
Non-Consolidated

TAX SUPPORTED	Net Year to Date Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
CORPORATE SERVICES										
COMMUNICATIONS, ENGAGEMENT & MARKETING										
Revenue	\$ -	\$ 3	\$ 3	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 1,458	\$ 1,396	\$ 62	4%	Favourable due to less utilization of contracted services.	\$ 1,458	\$ 1,379	\$ 79	5%	N/A
Internal Revenue	\$ 1,312	\$ 1,312	\$ -	0%	N/A	\$ 1,312	\$ 1,312	\$ -	0%	N/A
Internal Expenses	\$ 355	\$ 355	\$ -	0%	N/A	\$ 355	\$ 355	\$ -	0%	N/A
COMMUNICATIONS, ENGAGEMENT & MARKETING NET	\$ (501)	\$ (436)	\$ 65	13%		\$ (501)	\$ (422)	\$ 79	16%	
FINANCE										
Revenue	\$ 679	\$ 1,156	\$ 477	70%	Favourable due to higher than budgeted tax certificate and search fees, disconnect/reconnect fees, and the collection of self-insurance premiums from internal departments to fund the Insurance Reserve.	\$ 679	\$ 814	\$ 135	20%	Actual yearend variance is more favourable at yearend because self-insurance premiums were not projected.
Expenses	\$ 14,588	\$ 14,055	\$ 533	4%	Favourable due to staff vacancies and decreased insurance premium.	\$ 14,588	\$ 14,187	\$ 401	3%	Actual variance is more favourable than projected due to lower than projected salaries and wages from vacant positions.
Internal Revenue	\$ 12,109	\$ 11,800	\$ (309)	-3%	Unfavourable due to lower insurance recoveries as a result of decreased insurance premiums.	\$ 12,109	\$ 12,002	\$ (107)	-1%	Actual yearend variance is more unfavourable due to lower than projected insurance premiums.
Internal Expenses	\$ 2,586	\$ 2,622	\$ (36)	-1%	N/A	\$ 2,586	\$ 2,658	\$ (72)	-3%	N/A
FINANCE NET	\$ (4,386)	\$ (3,721)	\$ 665	15%		\$ (4,386)	\$ (4,029)	\$ 357	8%	
FLEET & FACILITIES										
Revenue	\$ 166	\$ 215	\$ 49	30%	N/A	\$ 166	\$ 234	\$ 68	41%	N/A
Expenses	\$ 15,435	\$ 14,892	\$ 543	4%	Favourable due to lower fuel costs, vacant staff positions and lower utilization of contracted services.	\$ 15,435	\$ 14,720	\$ 715	5%	Actual yearend variance is less favourable than projected due to higher than projected fuel costs and contracted services in December.
Internal Revenue	\$ 27,991	\$ 26,325	\$ (1,666)	-6%	Net unfavourable variance due to lower than anticipated lease revenues related to capital asset replacement deferrals and lower recoveries and expenses related to fuel usage and unit repairs.	\$ 27,991	\$ 26,307	\$ (1,684)	-6%	Net actual yearend variance is more favourable than projected due to lower expenses related to fuel usage and unit repair costs.
Internal Expenses	\$ 11,059	\$ 10,219	\$ 840	8%		\$ 11,059	\$ 10,369	\$ 690	6%	
FLEET & FACILITIES NET	\$ 1,663	\$ 1,429	\$ (234)	-14%		\$ 1,663	\$ 1,452	\$ (211)	-13%	
INFORMATION TECHNOLOGY										
Revenue	\$ -	\$ 4	\$ 4	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 11,431	\$ 10,697	\$ 734	6%	Favourable due to savings in salary and wages related to vacant positions and timing of software support and hardware maintenance expenses.	\$ 11,431	\$ 11,145	\$ 286	3%	Actual yearend variance is more favourable than projected due to a software purchase that was deferred to 2026 and less utilized contracted services in December.
Internal Revenue	\$ 11,323	\$ 11,324	\$ 1	0%	N/A	\$ 11,323	\$ 11,323	\$ -	0%	N/A
Internal Expenses	\$ 764	\$ 765	\$ (1)	0%	N/A	\$ 764	\$ 764	\$ -	0%	N/A
INFORMATION TECHNOLOGY NET	\$ (872)	\$ (134)	\$ 738	85%		\$ (872)	\$ (586)	\$ 286	33%	
CORPORATE PLANNING & PERFORMANCE										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 1,148	\$ 916	\$ 232	20%	Favourable due to less utilization of contracted services.	\$ 1,148	\$ 948	\$ 200	17%	N/A
Internal Revenue	\$ 1,017	\$ 1,017	\$ -	0%	N/A	\$ 1,017	\$ 1,017	\$ -	0%	N/A
Internal Expenses	\$ 234	\$ 230	\$ 4	2%	N/A	\$ 234	\$ 234	\$ -	0%	N/A
CORPORATE PLANNING & PERFORMANCE NET	\$ (365)	\$ (129)	\$ 236	65%		\$ (365)	\$ (165)	\$ 200	55%	
TOTAL CORPORATE SERVICES	\$ (4,461)	\$ (2,991)	\$ 1,470	33%		\$ (4,461)	\$ (3,750)	\$ 711	16%	
DEVELOPMENT & INFRASTRUCTURE										
MUNICIPAL WORKS										
Revenue	\$ 45	\$ 125	\$ 80	178%	Favourable variance due to yearend revenue recognition, motor vehicle accident infrastructure repairs and additional on-street parking.	\$ 45	\$ 85	\$ 40	89%	N/A
Expenses	\$ 9,107	\$ 8,850	\$ 257	3%	Favourable due to vacancies and an amount that was budgeted for the Southern Regional Storm Drainage Committee (SRSDC) that was not spent as an agreement has not yet been signed.	\$ 9,107	\$ 9,027	\$ 80	1%	Actual yearend variance is more favourable than projected in November due to the delayed payment to the SRSDC.
Internal Revenue	\$ 130	\$ 146	\$ 16	12%	N/A	\$ 130	\$ 130	\$ -	0%	N/A
Internal Expenses	\$ 4,775	\$ 4,519	\$ 256	5%	Favourable due to lower than budgeted fleet expenses and additional equipment recoveries related to work for other departments and capital programs.	\$ 4,775	\$ 4,445	\$ 330	7%	Actuals less favourable than projected in November due to more street sweeping disposals to the landfill in December than anticipated.
MUNICIPAL WORKS NET	\$ (13,707)	\$ (13,098)	\$ 609	4%		\$ (13,707)	\$ (13,257)	\$ 450	3%	
AIRPORT										
Revenue	\$ 695	\$ 736	\$ 41	6%	N/A	\$ 695	\$ 725	\$ 30	4%	N/A
Expenses	\$ 1,293	\$ 1,270	\$ 23	2%	N/A	\$ 1,293	\$ 1,243	\$ 50	4%	N/A
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 758	\$ 798	\$ (40)	-5%	N/A	\$ 758	\$ 793	\$ (35)	-5%	N/A
AIRPORT NET	\$ (1,356)	\$ (1,332)	\$ 24	2%		\$ (1,356)	\$ (1,311)	\$ 45	3%	
PLANNING & DEVELOPMENT SERVICES										
Revenue	\$ 2,512	\$ 3,902	\$ 1,390	55%	Favourable due to more businesses renewing their licenses as a result of the three-year business license reduced fee offered in 2025, as well as three large permit applications received.	\$ 2,512	\$ 3,739	\$ 1,227	49%	Actuals more favourable than projected in November due to the yearend adjustment to recognize business license revenue in the year it is earned as well as more applications received in December than anticipated.
Expenses	\$ 5,048	\$ 4,835	\$ 213	4%	Favourable due to staff vacancies and reduced spending in contracted services as a result of less staff attending virtual training as opposed to in-person.	\$ 5,048	\$ 4,888	\$ 160	3%	Actuals more favourable than expected due to the reduced contracted services in December.
Internal Revenue	\$ -	\$ 16	\$ 16	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 1,233	\$ 1,214	\$ 19	2%	N/A	\$ 1,233	\$ 1,233	\$ -	0%	N/A
PLANNING & DEVELOPMENT SERVICES NET	\$ (3,769)	\$ (2,131)	\$ 1,638	43%		\$ (3,769)	\$ (2,382)	\$ 1,387	37%	
TOTAL DEVELOPMENT & INFRASTRUCTURE	\$ (18,832)	\$ (16,561)	\$ 2,271	12%		\$ (18,832)	\$ (16,950)	\$ 1,882	10%	

TAX SUPPORTED	Net Year to Date Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
PUBLIC SERVICES										
FIRE & EMERGENCY SERVICES										
Fire										
Revenue	\$ 456	\$ 494	\$ 38	8%	N/A	\$ 456	\$ 481	\$ 25	5%	N/A
Expenses	\$ 16,317	\$ 17,229	\$ (912)	-6%	Unfavourable due to higher than budgeted wages resulting from unmet vacancy adjustment and accrual of wages in preparation for future retroactive payouts following collective bargaining.	\$ 16,317	\$ 16,607	\$ (290)	-2%	Actual yearend variance more unfavourable than projected due to changes to collective bargaining expectations resulting in an increase in the yearend accrual for retroactive pay.
Fire Net	\$ (15,861)	\$ (16,735)	\$ (874)	-6%		\$ (15,861)	\$ (16,126)	\$ (265)	-2%	
Communication Centre										
Revenue	\$ 1,228	\$ 1,051	\$ (177)	-14%	Unfavourable due to less than budgeted backcheck revenue as additional municipalities are now providing this service.	\$ 1,228	\$ 1,046	\$ (182)	-15%	N/A
Expenses	\$ 2,554	\$ 2,499	\$ 55	2%	Favourable due to lower than budgeted software licensing, business travel, and staff vacancies, offset by overbudget materials for replacement of call centre desks.	\$ 2,554	\$ 2,468	\$ 86	3%	N/A
Communication Centre Net	\$ (1,326)	\$ (1,448)	\$ (122)	-9%		\$ (1,326)	\$ (1,422)	\$ (96)	-7%	
Internal Revenue	\$ 948	\$ 972	\$ 24	3%	N/A	\$ 948	\$ 969	\$ 21	2%	N/A
Internal Expenses	\$ 2,913	\$ 2,894	\$ 19	1%	N/A	\$ 2,913	\$ 2,943	\$ (30)	-1%	N/A
FIRE & EMERGENCY SERVICES NET	\$ (19,152)	\$ (20,105)	\$ (953)	-5%		\$ (19,152)	\$ (19,522)	\$ (370)	-2%	
PARKS & RECREATION										
Big Marble Go Centre										
Revenue	\$ 3,304	\$ 3,699	\$ 395	12%	Favourable due to higher than budgeted ice rentals, facility rentals, lease agreements, and admissions.	\$ 3,304	\$ 3,614	\$ 310	9%	Actual variance is more favourable than projected due to yearend deferred membership adjustments that were not factored into the November projection.
Expenses	\$ 5,108	\$ 5,391	\$ (283)	-6%	Unfavourable due to higher than budgeted salaries and wages related to programming, fitness, and customer service.	\$ 5,108	\$ 5,264	\$ (156)	-3%	Actual variance is more unfavourable than projected due to yearend accruals for wages, vacation, and benefits that were not factored into the projection.
Big Marble Go Centre Net	\$ (1,804)	\$ (1,692)	\$ 112	6%		\$ (1,804)	\$ (1,651)	\$ 153	8%	
Pools - Crestwood, Heights, Hill, Strathcona										
Revenue	\$ 326	\$ 338	\$ 12	4%	N/A	\$ 326	\$ 335	\$ 9	3%	N/A
Expenses	\$ 1,063	\$ 969	\$ 94	9%	Favourable variance due to lower than budgeted wages at Crestwood Pool due to closure related to unanticipated mechanical failure.	\$ 1,063	\$ 964	\$ 100	9%	N/A
Pools - Crestwood, Heights, Hill, Strathcona Net	\$ (737)	\$ (631)	\$ 106	14%		\$ (737)	\$ (629)	\$ 109	15%	
Rinks - Co-op Place, Moose, Hounds, Kinplex										
Revenue	\$ 1,011	\$ 1,226	\$ 215	21%	Favourable due to higher than budgeted ice rentals as result of additional tournament bookings.	\$ 1,011	\$ 1,214	\$ 203	20%	N/A
Expenses	\$ 2,109	\$ 2,487	\$ (378)	-18%	Unfavourable due to higher than anticipated wages due to additional ice bookings and Medicine Hat Tigers playoff games.	\$ 2,109	\$ 2,395	\$ (286)	-14%	Actual variance is more unfavourable than projected due to December Co-op Place events and yearend accruals for wages, vacation, and benefits that were not factored into the projection.
Rinks - Co-op Place, Moose, Hounds, Kinplex Net	\$ (1,097)	\$ (1,261)	\$ (163)	-15%		\$ (1,097)	\$ (1,180)	\$ (83)	-8%	
Parks										
Revenue	\$ 1,813	\$ 2,098	\$ 285	16%	Favourable due to increased camping fees, facility rentals, and sports field rentals.	\$ 1,813	\$ 1,941	\$ 128	7%	Actual variance is more favourable than projected due to unanticipated December grave preparation charges, unprojected yearend deferred revenue recognition of camping fees, and unprojected revenue from the recognition of deferred revenue for the Tree Replacement Program.
Expenses	\$ 7,432	\$ 8,675	\$ (1,243)	-17%	Unfavourable variance due to tree planting expenses that should have been applied to the Growing Canada's Community Canopy capital project, additional temporary wages, and unbudgeted costs related to snow removal, irrigation repairs, building and shelter maintenance, vandalism, and encampment cleanup.	\$ 7,432	\$ 8,465	\$ (1,033)	-14%	Actual variance is more unfavourable than projected due to tree planting expenses that should have been applied to the Growing Canada's Community Canopy capital project.
Parks Net	\$ (5,619)	\$ (6,577)	\$ (958)	-17%		\$ (5,619)	\$ (6,524)	\$ (905)	-16%	
Parks & Recreation - Other										
Revenue	\$ 348	\$ 408	\$ 60	17%	Favourable due to unbudgeted lease revenue and other facility rentals.	\$ 348	\$ 414	\$ 66	19%	N/A
Expenses	\$ 3,830	\$ 3,951	\$ (121)	-3%	Unfavourable due to higher than budgeted wages related to temporary staff, offset by lower than budgeted contracted services and materials.	\$ 3,830	\$ 3,923	\$ (93)	-2%	N/A
Internal Revenue	\$ 70	\$ 132	\$ 62	89%	Favourable due to higher than budgeted urban forestry work.	\$ 70	\$ 128	\$ 58	83%	N/A
Internal Expenses	\$ 9,467	\$ 9,760	\$ (293)	-3%	Unfavourable variance due to higher than budgeted internal utilities, offset by lower than budgeted fleet charges.	\$ 9,467	\$ 9,593	\$ (126)	-1%	Actual variance more unfavourable than projected due to yearend Cemetery irrigation allocations that were not factored into the yearend projection.
Parks & Recreation - Other Net	\$ (12,879)	\$ (13,170)	\$ (292)	-2%		\$ (12,879)	\$ (12,974)	\$ (95)	-1%	
PARKS & RECREATION NET	\$ (22,136)	\$ (23,331)	\$ (1,195)	-5%		\$ (22,136)	\$ (22,957)	\$ (821)	-4%	

TAX SUPPORTED	Net Year to Date Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
COMMUNITY DEVELOPMENT										
Culture & Entertainment										
Revenue	\$ 5,624	\$ 6,594	\$ 970	17%	Favourable due to higher than budgeted food and beverage and service revenue at Co-op Place, offset by fewer hosted events at the Esplanade.	\$ 5,624	\$ 6,554	\$ 930	17%	N/A
Expenses	\$ 7,882	\$ 8,831	\$ (949)	-12%	Unfavourable due to increased food and wage costs as a result of unbudgeted Medicine Hat Tigers WHL playoff games and other events at Co-op Place.	\$ 7,882	\$ 8,791	\$ (909)	-12%	N/A
Culture & Entertainment Net	\$ (2,258)	\$ (2,237)	\$ 21	1%		\$ (2,258)	\$ (2,237)	\$ 21	1%	
Transit										
Revenue	\$ 1,381	\$ 1,646	\$ 265	19%	Favourable due to increased ridership from increased use of low income programs and unbudgeted advertising revenue.	\$ 1,381	\$ 1,668	\$ 287	21%	N/A
Expenses	\$ 4,959	\$ 5,441	\$ (482)	-10%	Unfavourable due to higher than budgeted salary, wages and benefits, parkade security costs, and telecommunications expenses.	\$ 4,959	\$ 5,412	\$ (453)	-9%	N/A
Transit Net	\$ (3,578)	\$ (3,795)	\$ (217)	-6%		\$ (3,578)	\$ (3,744)	\$ (166)	-5%	
Community Development - Other										
Revenue	\$ 1,793	\$ 2,280	\$ 487	27%	Favourable due to higher than budgeted grant revenue.	\$ 1,793	\$ 2,279	\$ 486	27%	N/A
Expenses	\$ 3,111	\$ 3,249	\$ (138)	-4%	Unfavourable due to unanticipated growth of the Refugee/Fair Entry Subsidy Program, offset by underutilized contracted services and materials.	\$ 3,111	\$ 3,235	\$ (124)	-4%	N/A
Internal Revenue	\$ -	\$ 37	\$ 37	0%	N/A	\$ -	\$ 25	\$ 25	0%	N/A
Internal Expenses	\$ 7,090	\$ 6,908	\$ 182	3%	Favourable due to lower than budgeted internal fleet charges and utilities.	\$ 7,090	\$ 6,968	\$ 122	2%	Actual variance more favourable than projected due to lower than projected insurance allocations and internal fleet charges.
Community Development - Other Net	\$ (8,408)	\$ (7,840)	\$ 568	7%		\$ (8,408)	\$ (7,899)	\$ 509	6%	
COMMUNITY DEVELOPMENT NET	\$ (14,244)	\$ (13,872)	\$ 372	3%		\$ (14,244)	\$ (13,880)	\$ 364	3%	
OTHER ORGANIZATIONS										
Revenue	\$ -	\$ 39	\$ 39	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 2,751	\$ 2,855	\$ (104)	-4%	Unfavourable due to increased salaries and wages, due to increased summer staffing covered by grants.	\$ 2,751	\$ 2,782	\$ (31)	-1%	Actual variance more unfavourable than projected due to yearend wage accrual and benefits allocation that was not factored into the projection.
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 314	\$ 249	\$ 65	21%	Favourable due to lower than budgeted utilities.	\$ 314	\$ 260	\$ 54	17%	N/A
OTHER ORGANIZATIONS NET	\$ (3,065)	\$ (3,065)	\$ -	0%		\$ (3,065)	\$ (3,042)	\$ 23	1%	
TOTAL PUBLIC SERVICES	\$ (58,597)	\$ (60,373)	\$ (1,776)	-3%		\$ (58,597)	\$ (59,401)	\$ (804)	-1%	
ENERGY, LAND & ENVIRONMENT										
ENVIRONMENT, LAND & GAS PRODUCTION - TAX SUPPORTED										
Revenue	\$ 398	\$ 360	\$ (38)	-10%	N/A	\$ 398	\$ 370	\$ (28)	-7%	N/A
Expenses	\$ 2,522	\$ 2,196	\$ 326	13%	Favourable variance due to lower than budgeted Hat Smart expenses and contaminated sites spending.	\$ 2,522	\$ 2,325	\$ 197	8%	Actual variance more favourable than projected due to lower Hat Smart expenses from customers failing to submit their project completion requirements prior to yearend close.
Internal Revenue	\$ 1,449	\$ 1,449	\$ -	0%	N/A	\$ 1,449	\$ 1,449	\$ -	0%	N/A
Internal Expenses	\$ 367	\$ 375	\$ (8)	-2%	N/A	\$ 367	\$ 374	\$ (7)	-2%	N/A
ENVIRONMENT, LAND & GAS PRODUCTION - TAX SUPPORTED NET	\$ (1,042)	\$ (762)	\$ 280	27%		\$ (1,042)	\$ (880)	\$ 162	16%	
ENERGY MARKETING & BUSINESS ANALYSIS										
Revenue	\$ -	\$ 7	\$ 7	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 2,202	\$ 1,439	\$ 763	35%	Favourable due to not utilizing consulting fees and savings in salaries and wages due to positional vacancies.	\$ 2,202	\$ 1,452	\$ 750	34%	N/A
Internal Revenue	\$ 2,200	\$ 1,425	\$ (775)	-35%	Unfavourable due to lower recoveries on reduced expenses.	\$ 2,200	\$ 1,452	\$ (748)	-34%	N/A
Internal Expenses	\$ 272	\$ 269	\$ 3	1%	N/A	\$ 272	\$ 272	\$ -	0%	N/A
ENERGY MARKETING & BUSINESS ANALYSIS NET	\$ (274)	\$ (276)	\$ (2)	-1%		\$ (274)	\$ (272)	\$ 2	1%	
TOTAL ENERGY, LAND & ENVIRONMENT	\$ (1,316)	\$ (1,038)	\$ 278	21%		\$ (1,316)	\$ (1,152)	\$ 164	12%	
TOTAL BEFORE FINANCE ACTIVITIES	\$ (18,159)	\$ (16,014)	\$ 2,145	12%		\$ (18,159)	\$ (15,411)	\$ 2,748	15%	
FINANCE ACTIVITIES										
Interest & principal	(6,803)	(8,161)	(1,358)	0%	Unfavourable due to timing of capital expenditures.	\$ (6,803)	\$ (7,996)	(1,193)	-18%	Actuals are more unfavourable due to timing of capital expenditures; more funds borrowed than projected.
Transfer (to)/from reserves	(8,132)	(49,449)	(41,317)	0%	Unfavourable variance at yearend as higher investment income results in more money transferred to Medicine Hat Endowment, Energy Transition and Abandonment Obligation reserves. In addition, \$10.4M was transferred to operations reserves as a result of higher investment earnings gain on financial instruments as a result of rebalancing the investment portfolio.	\$ (19,232)	\$ (40,231)	(20,999)	-109%	Actuals are more unfavourable as higher investment income results in more money transferred to Medicine Hat Endowment, Energy Transition and Abandonment Obligation reserves. In addition, realized gains on investments in the year were transferred to reserves and there was no transfer from operating reserves related to the budget gap.
Investment income	30,094	66,859	36,765	122%	Favourable variance due to higher than budgeted realized returns on equity investments.	\$ 30,094	\$ 54,449	24,355	81%	Actual variance is less favourable at yearend due to less than projected realized returns on equity investments.
Gain/Loss on Financial Instruments	-	3,765	3,765	0%	Favourable variance as a result of realized gains from selling some equity positions.	\$ -	\$ 3,765	3,765	0%	Actual variance is more favourable at yearend due to greater than expected gains on selling some equity positions.
Contribution from Utilities	3,000	3,000	-	0%	N/A	\$ 3,000	\$ 3,000	-	0%	N/A
TOTAL FINANCE ACTIVITIES	\$ 18,159	\$ 16,014	\$ (2,145)	-12%		\$ 7,059	\$ 12,987	\$ 5,928	84%	
TOTAL TAX SUPPORTED SURPLUS / (DEFICIT)	\$ -	\$ -	\$ -	0%		\$ (11,100)	\$ (2,424)	\$ 8,676	78%	

LAND DEVELOPMENT & REAL ESTATE	Net Year to Date Performance				Discussion	Net End of Year Performance				Discussion
	Budget	Actual	Variance	Variance %		Forecasted Jan to Dec 2025				
ENERGY, LAND & ENVIRONMENT										
ENVIRONMENT, LAND & GAS PRODUCTION - LAND										
Revenue	\$ 4,126	\$ 7,010	\$ 2,885	70%	Favourable variance due to 52 residential lots being sold, while only 17 lot sales were budgeted, and the sale of 2 commercial lots, while only 1 sale was budgeted. This is offset by a budget oversight which was corrected in the 2026 budget update.	\$ 4,126	\$ 7,204	\$ 3,078	75%	Actual variance is less favourable than projected due to two projected lots not closing until January 2026.
Expenses	\$ 4,209	\$ 6,735	\$ (2,526)	-60%	Unfavourable variance due to higher than budgeted cost of sales as a result of 52 residential lots being sold, while only 17 lot sales were budgeted, and a budget oversight which was corrected in the 2026 budget update.	\$ 4,209	\$ 6,874	\$ (2,665)	-63%	Actual variance is less unfavourable than projected due to two projected lots not closing until January 2026.
Internal Revenue	\$ 130	\$ 130	\$ -	0%	N/A	\$ 130	\$ 130	\$ -	0%	N/A
Internal Expenses	\$ 870	\$ 875	\$ (5)	0%	N/A	\$ 870	\$ 879	\$ (9)	-1%	N/A
ENVIRONMENT, LAND & GAS PRODUCTION - LAND EBITDA	\$ (824)	\$ (470)	\$ 353	100%		\$ (824)	\$ (419)	\$ 405	49%	
FINANCE ACTIVITIES										
Interest & principal	(4)	(48)	-	0%	N/A	(4)	(4)	-	0%	N/A
Capital spend (on prior year projects)	-	34	(34)		N/A	-	34	(34)	0%	N/A
Free cash flow (transfer (to)/from reserves)	(2,103)	(5,082)	(2,979)	-142%	Unfavourable variance due to more free cash flow being available to contribute.	(2,103)	714	2,817	134%	Actual variance more unfavourable than projected due to projected free cash flow not taking into consideration the removal of cost of goods sold.
TOTAL FINANCE ACTIVITIES	\$ (2,107)	\$ (5,096)	\$ 2,989	142%		\$ (2,107)	\$ 744	\$ 2,851	135%	
TOTAL ENERGY, LAND & ENVIRONMENT	\$ (824)	\$ (470)	\$ 353	100%		\$ (824)	\$ (419)	\$ 405	49%	
TOTAL LAND DEVELOPMENT & REAL ESTATE EBITDA	\$ (824)	\$ (470)	\$ 353	100%		\$ (824)	\$ (419)	\$ 405	49%	

RATE BASED UTILITIES	Net current Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Difference in December Actual yearend variance vs Projected in November
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
ENVIRONMENTAL UTILITIES										
ENVIRONMENTAL UTILITIES - WATER										
Revenue	\$ 28,035	\$ 28,402	\$ 368	1%	Favourable variance due to higher than expected residential and lawn service water consumption.	\$ 28,035	\$ 28,085	\$ 50	0%	Actual yearend variance is more favourable than projected due to higher than expected residential and lawn services consumption.
Expenses	\$ 11,103	\$ 10,565	\$ 538	5%	Favourable variance due to cost savings related to chemicals, contracted services, staff vacancies and less than budgeted overtime.	\$ 11,103	\$ 10,708	\$ 395	4%	Actual yearend variance is more favourable than projected due to reduced spending in contracted services as a result of a change in advertising program and more professional development sessions attended virtually instead of in-person.
Internal Revenue	\$ 2,689	\$ 2,505	\$ (184)	-7%	Unfavourable variance due to less of a recovery related to lower overhead costs than budgeted.	\$ 2,689	\$ 2,279	\$ (410)	-15%	Actual yearend variance is less unfavourable than expected due to water consumption from other City of Medicine Hat departments being on budget instead of less than budget.
Internal Expenses	\$ 6,792	\$ 6,148	\$ 644	9%	Favourable variance due to lower than budgeted utilities and internal equipment charges.	\$ 6,792	\$ 6,239	\$ 553	8%	N/A
ENVIRONMENTAL UTILITIES - WATER EBITDA	\$ 12,829	\$ 14,194	\$ 1,365	11%		\$ 12,829	\$ 13,417	\$ 588	5%	
Interest & principal	4,492	1,456	(3,036)	0%	Unfavourable variance due to timing of prior years capital expenses and related borrowings.	4,492	4,748	256	6%	Actual yearend variance is less favourable than projected due to delayed borrowings than budgeted in relation to multi-year
Transfer (to)/from reserves	(3,920)	(3,439)	481	0%	Favourable due to several capital projects being complete and underspent that were working capital funded.	(3,920)	(3,920)	-	0%	Actual yearend variance is more favourable than projected due to several capital projects being complete and underspent that were working capital funded.
Investment income	-	21	21	0%	N/A	-	21	21	N/A	N/A
Capital spend (on prior year projects)	(8,193)	(9,852)	(1,659)	-20%	Unfavourable variance due to increased capital spend during the year on multi-year programs.	(8,193)	(10,647)	(2,454)	-30%	Actual yearend variance is less unfavourable than projected due to delayed capital spending in the last four months of the
Capital spend (on current year projects)	(4,218)	(8,594)	(4,376)	-104%	Unfavourable variance due to a large project completed during the year that was budgeted to carryforward as well as donated assets that were not budgeted.	(4,218)	(6,248)	(2,030)	-48%	Actual yearend variance is more unfavourable than projected due to a large project completed during the year that was budgeted to carryforward as well as donated assets that were not budgeted.
Free cash flow (transfer (to)/from reserves)	1,037	2,552	1,515	146%	Favourable due to more free cash flow required to sustain operations.	1,037	2,254	1,217	117%	Actual yearend variance is more favourable than projected due to a decrease in operating activities at yearend.
Miscellaneous	-	(4,133)	(4,133)	0%	Unfavourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actual yearend variance is more unfavourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
ENVIRONMENTAL UTILITIES - WATER - CHANGE IN CASH	\$ 2,027	\$ (7,795)	\$ (9,822)	-485%		\$ 2,027	\$ (375)	\$ (2,402)	-119%	
ENVIRONMENTAL UTILITIES - SEWER										
Revenue	\$ 25,224	\$ 25,361	\$ 137	1%	Favourable due to slightly higher commercial volumes and third party service revenue from new developments.	\$ 25,224	\$ 25,431	\$ 207	1%	N/A
Expenses	\$ 7,787	\$ 7,283	\$ 505	6%	Favourable variance due to more time coded to water as a result of distribution issues, reduced material costs related to cancelled contracts and staff vacancies.	\$ 7,787	\$ 7,034	\$ 753	10%	Actual yearend variance is less favourable than projected due to unbudgeted benefits.
Internal Revenue	\$ -	\$ 19	\$ 19	0%	N/A	\$ -	\$ 4	\$ 4	0%	N/A
Internal Expenses	\$ 5,414	\$ 5,355	\$ 59	1%	N/A	\$ 5,414	\$ 5,377	\$ 37	0%	N/A
ENVIRONMENTAL UTILITIES - SEWER EBITDA	\$ 12,023	\$ 12,742	\$ 719	6%		\$ 12,023	\$ 13,024	\$ 1,001	8%	
Interest & principal	7,880	2,794	(5,086)	0%	Unfavourable variance due to timing of prior years capital expenses and related borrowings.	7,880	8,259	379	5%	Actual yearend variance is less favourable than projected due to fewer borrowings than budgeted in relation to multi-year programs.
Transfer (to)/from reserves	(4,482)	(4,475)	7	0%	N/A	(4,482)	(4,481)	1	0%	N/A
Capital spend (on prior year projects)	(3,526)	(3,203)	323	9%	Favourable variance due to delayed capital spending on multi-year projects.	(3,526)	(3,526)	-	0%	Actual yearend variance is more favourable than expected due to delayed capital spending in the last four months of the year.
Capital spend (on current year projects)	(1,170)	(2,230)	(1,060)	-91%	Unfavourable variance due to donated assets that were not budgeted.	(1,170)	(1,170)	-	0%	Actual yearend variance is more unfavourable than projected due to donated assets that were not budgeted.
Free cash flow (transfer (to)/from reserves)	1,402	(3,473)	(4,875)	-348%	Unfavourable due to less free cash flow required to sustain operations.	1,402	232	(1,170)	-83%	Actual yearend variance is more unfavourable than projected due to an increase in operating activities at yearend.
Miscellaneous	-	3,720	3,720	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actual yearend variance is more favourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
ENVIRONMENTAL UTILITIES - SEWER - CHANGE IN CASH	\$ 12,127	\$ 5,875	\$ (6,252)	-52%		\$ 12,127	\$ 12,338	\$ 211	2%	

RATE BASED UTILITIES	Net current Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Difference in December Actual yearend variance vs Projected in November
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
ENVIRONMENTAL UTILITIES - SOLID WASTE										
Revenue	\$ 9,821	\$ 8,984	\$ (836)	-9%	Unfavourable variance mainly due to a realized loss on carbon credits due to decrease in market value as well as no carbon credits received for 2025 composting operations that was budgeted.	\$ 9,821	\$ 9,595	\$ (226)	-2%	Actual yearend variance is more unfavourable than projected due to the sale of recycling carts being netted with the loss on disposal of assets line.
Expenses	\$ 4,634	\$ 5,033	\$ (400)	-9%	Unfavourable variance due to unbudgeted positions, higher than budgeted benefits and unmet vacancy adjustment and additional contracted services required to meet operational demands.	\$ 4,634	\$ 4,757	\$ (123)	-3%	Actual yearend variance is more unfavourable than projected due to additional contracted services required to meet operational demands.
Internal Revenue	\$ 2,864	\$ 2,994	\$ 130	5%	Favourable variance due to increased landfill usage from other CMH departments.	\$ 2,864	\$ 2,911	\$ 47	2%	N/A
Internal Expenses	\$ 5,755	\$ 5,210	\$ 545	9%	Favourable variance due to delayed fleet lease expenses related to vehicles budgeted but not yet received.	\$ 5,755	\$ 5,288	\$ 467	0%	N/A
ENVIRONMENTAL UTILITIES - SOLID WASTE EBITDA	\$ 2,296	\$ 1,735	\$ (561)	100%		\$ 2,296	\$ 2,461	\$ 165	7%	
Interest & principal	(234)	(233)	1	0%	N/A	(234)	(234)	-	0%	N/A
Transfer (to)/from reserves	(130)	(123)	7	5%	N/A	(130)	(130)	-	0%	N/A
Capital spend (on prior year projects)	(493)	(487)	6	1%	N/A	(493)	(493)	-	0%	N/A
Capital spend (on current year projects)	(180)	(59)	121	67%	Favourable variance due to delayed capital spending on multi-year projects.	(180)	(180)	-	0%	Actual yearend variance is more favourable than expected due to delayed capital spending in the last four months of the
Free cash flow (transfer (to)/from reserves)	(1,934)	(2,280)	(346)	-18%	Unfavourable due to less free cash flow required to sustain operations.	(1,934)	(2,367)	(433)	-22%	Actual yearend variance is more unfavourable than projected due to an increase in operating activities at yearend.
Miscellaneous	-	1,277	1,277	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actual yearend variance is more favourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
ENVIRONMENTAL UTILITIES - SOLID WASTE - CHANGE IN CASH	\$ (675)	\$ (170)	\$ 505	75%		\$ (675)	\$ (943)	\$ (268)	-40%	
TOTAL ENVIRONMENTAL UTILITIES	\$ 27,148	\$ 28,671	\$ 1,523	6%		\$ 27,148	\$ 28,902	\$ 1,754	6%	
UTILITY DISTRIBUTION SYSTEMS										
ELECTRIC DISTRIBUTION - OPERATING										
Revenue	\$ 24,783	\$ 25,275	\$ 492	2%	Favourable variance is primarily due to increased transmission demand.	\$ 24,783	\$ 25,005	\$ 222	1%	Actual yearend variance is more favourable than projected due to unanticipated changed in demand.
Expenses	\$ 10,707	\$ 10,485	\$ 222	2%	Favourable variance is due to staff vacancies and time charged to capital projects rather than operating, partially offset by unbudgeted employee benefits and substation assessments.	\$ 10,707	\$ 10,249	\$ 458	4%	Actual yearend variance is less favourable than projected due to unbudgeted substation assessments.
Internal Revenue	\$ 2,529	\$ 2,658	\$ 129	5%	Favourable variance is due to higher than budgeted recovery of administration overhead due to increased administration expenses.	\$ 2,529	\$ 2,701	\$ 171	7%	N/A
Internal Expenses	\$ 6,820	\$ 6,510	\$ 311	5%	Favourable variance is due to vacancies in support departments resulting in decreased internal charges.	\$ 6,820	\$ 6,555	\$ 266	4%	N/A
ELECTRIC DISTRIBUTION - OPERATING EBITDA	\$ 9,786	\$ 10,939	\$ 1,153	12%		\$ 9,786	\$ 10,903	\$ 1,117	11%	
Interest & principal	2,144	10,259	8,116	379%	Favourable variance due to timing of borrowing on multi-year projects.	2,144	8,059	5,915	276%	Actual yearend variance is more favourable than projected due to additional borrowing on capital projects in December.
Transfer (to)/from reserves	(3,983)	130	4,113	103%	Favourable variance due to return of working capital from complete capital projects.	(3,983)	(3,853)	130	3%	Actual yearend variance is more favourable than projected due to completion of under budget capital projects.
Capital spend (on prior year projects)	(33,363)	(9,512)	23,851	71%	Favourable variance due to delayed capital spending on multi-year projects.	(33,363)	(16,044)	17,319	52%	Actual yearend variance is more favourable than projected due to delayed spending on multi-year projects.
Capital spend (on current year projects)	(11,583)	(1,653)	9,930	86%	Favourable variance due to delayed capital spending on multi-year projects.	(11,583)	(3,580)	8,003	69%	Actual yearend variance is more favourable than projected due to delayed spending on multi-year projects.
Free cash flow (transfer (to)/from reserves)	(1,006)	(2,214)	(1,208)	-120%	Unfavourable variance as a result of less cash flow required to sustain operations.	(1,006)	(2,114)	(1,108)	-110%	Actual yearend variance is more unfavourable than projected as a result of less cash flow required to sustain operations.
Miscellaneous	-	(5,943)	(5,943)	0%	Unfavourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actual yearend variance more unfavourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
ELECTRIC DISTRIBUTION - OPERATING - CHANGE IN CASH	\$ (38,005)	\$ 2,006	\$ 40,011	105%		\$ (38,005)	\$ (6,629)	\$ 31,376	83%	

RATE BASED UTILITIES	Net current Performance Actual Jan to Dec 2025				Discussion Current Variance	Net End of Year Performance Projected to Dec 31 at Nov 2025				Discussion Difference in December Actual yearend variance vs Projected in November
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
GAS DISTRIBUTION - OPERATING										
Revenue	\$ 16,468	\$ 16,914	\$ 446	3%	Favourable variance is primarily due to increased consumption.	\$ 16,468	\$ 16,346	\$ (122)	-1%	Actual yearend variance is more favourable than projected due to increased demand in December.
Expenses	\$ 7,958	\$ 7,423	\$ 535	7%	Favourable variance is due to staff vacancies, time charged to capital projects rather than operating and favourable gas transportation contract expenses.	\$ 7,958	\$ 7,184	\$ 774	10%	Actual yearend variance is less favourable than projected due to higher transportation fees due to greater than projected consumption in December.
Internal Revenue	\$ 18	\$ 157	\$ 139	762%	Favourable variance is due to recoveries from Electric and Environmental Utilities related to Alberta One Calls.	\$ 18	\$ 121	\$ 102	560%	N/A
Internal Expenses	\$ 3,963	\$ 3,987	\$ (25)	-1%	N/A	\$ 3,963	\$ 4,012	\$ (50)	-1%	N/A
GAS DISTRIBUTION - OPERATING EBITDA	\$ 4,565	\$ 5,660	\$ 1,095	24%		\$ 4,565	\$ 5,270	\$ 705	15%	
Interest & principal	455	4,239	3,785	832%	Favourable variance due to timing of borrowing on multi-year projects.	455	4,274	3,819	840%	N/A
Transfer (to)/from reserves	(1,798)	(1,402)	396	22%	Favourable variance due to return of working capital from complete capital projects.	(1,798)	(1,798)	-	0%	Actual yearend variance is more favourable than projected due to completion of under budget capital projects.
Capital spend (on prior year projects)	(1,207)	(997)	210	17%	Favourable variance due to delayed capital spending on multi-year projects.	(1,207)	(619)	587	49%	Actual yearend variance is less favourable than projected due to increased spending on projects in December.
Capital spend (on current year projects)	(4,737)	(3,164)	1,573	33%	Favourable variance due to delayed capital spending on multi-year projects.	(4,737)	(4,449)	288	6%	Actual yearend variance is more favourable than projected due to delayed spending on multi-year projects.
Free cash flow (transfer (to)/from reserves)	(583)	(1,867)	(1,284)	-220%	Unfavourable variance as a result of less cash flow required to sustain operations.	(583)	(968)	(385)	-66%	Actual yearend variance is more unfavourable than projected as a result of less cash flow required to sustain operations.
Miscellaneous	-	796	796	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actual yearend variance more favourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
GAS DISTRIBUTION - OPERATING - CHANGE IN CASH	\$ (3,305)	\$ 3,265	\$ 6,570	100%		\$ (3,305)	\$ 1,710	\$ 5,014	152%	
TOTAL UTILITY DISTRIBUTION SYSTEMS	\$ 14,351	\$ 16,599	\$ 2,248	16%		\$ 14,351	\$ 16,173	\$ 1,822	13%	
TOTAL RATE BASED UTILITIES EBITDA	\$ 41,499	\$ 45,270	\$ 3,771	9%		\$ 41,499	\$ 45,075	\$ 3,576	9%	

ENERGY PRODUCTION	Net Year to Date Performance				Discussion Current Variance	Net End of Year Performance				Discussion Difference in December Actuals vs Projected in November
	Budget	Actual Jan to Dec 2025	Variance	Variance %		Budget	Forecasted Jan to Dec 2025	Variance	% Variance	
ELECTRIC GENERATION - OPERATING										
Revenue	\$ 128,592	\$ 143,419	\$ 14,827	12%	Favourable variance due to greater sales to retail, as a result of higher than budgeted prices. This is partially offset by lower third party sales, as a result of a customer having an unprojected extended outage at the beginning of the year.	\$ 128,592	\$ 143,304	\$ 14,711	11%	N/A
Expenses	\$ 74,071	\$ 83,648	\$ (9,577)	-13%	Unfavourable variance due to a higher transfer to retail, as a result of the difference between the default market rate and the best of market rate, partially offset by lower cost and consumption of fuel and optimization of lower cost carbon emission offsets.	\$ 74,071	\$ 83,416	\$ (9,345)	-13%	N/A
Internal Revenue	\$ 158	\$ 106	\$ (52)	-33%	N/A	\$ 158	\$ 158	\$ -	0%	N/A
Internal Expenses	\$ 7,245	\$ 7,139	\$ 106	1%	N/A	\$ 7,245	\$ 7,245	\$ -	0%	N/A
ELECTRIC GENERATION - OPERATING EBITDA	\$ 47,434	\$ 52,738	\$ 5,304	11%		\$ 47,434	\$ 52,800	\$ 5,366	11%	
Interest & principal	(8,012)	(4,224)	3,788	47%	Favourable variance due to timing of borrowing on multi-year projects.	(8,012)	(4,241)	3,771	47%	N/A
Transfer (to)/from reserves	(22,075)	(16,046)	6,029	27%	Favourable variance due to return of funding on delayed capital projects.	(22,075)	(22,075)	-	0%	Actual yearend variance is more favourable than projected due to return of funding on delayed capital projects.
Capital spend (on prior year projects)	(49,270)	(20,911)	28,359	58%	Favourable variance due to delayed capital spending on multi-year projects.	(49,270)	(28,058)	21,213	43%	Actual yearend variance is more favourable than projected due to delayed capital spending on multi-year projects.
Capital spend (on current year projects)	(19,650)	(313)	19,337	98%	Favourable variance due to delayed capital spending on multi-year projects.	(19,650)	(627)	19,024	97%	Actual yearend variance is more favourable than projected due to delayed capital spending on multi-year projects.
Free Cash Flow (transfer (to)/from reserve)	(17,346)	(26,619)	(9,273)	-53%	Unfavourable variance due to more free cash flow to contribute.	(17,346)	(22,734)	(5,388)	-31%	Actual yearend variance more unfavourable than projected due to more free cash flow to contribute.
Miscellaneous	-	(14,024)	(14,024)	0%	Unfavourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actuals more unfavourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
ELECTRIC GENERATION - OPERATING - CHANGE IN CASH	\$ (68,920)	\$ (29,400)	\$ 39,520	57%		\$ (68,920)	\$ (24,934)	\$ 43,986	64%	
GAS PRODUCTION - OPERATING										
Revenue	\$ 43,173	\$ 29,343	\$ (13,830)	-32%	Unfavourable variance due to lower gas commodity pricing as markets are oversupplied, as well as lower volumes from production issues due to stranded (unusable) gas and freeze offs from the extremely low temperatures during cold snaps causing slower flow.	\$ 43,173	\$ 27,622	\$ (15,551)	-36%	Actual yearend variance more favourable than projected due to higher commodity prices in December.
Expenses	\$ 45,960	\$ 36,989	\$ 8,971	20%	Favourable variance as a result of savings in gas purchases due to the lower gas commodity price.	\$ 45,960	\$ 34,924	\$ 11,036	24%	Actual yearend variance less favourable than projected in November due to higher commodity prices in December.
Internal Expenses	\$ 3,830	\$ 3,303	\$ 527	14%	Favourable variance due to less support required from Energy Marketing and Business Analysis, and lower than budget utility and fleet costs.	\$ 3,830	\$ 3,319	\$ 511	13%	N/A
GAS PRODUCTION - OPERATING EBITDA	\$ (6,617)	\$ (10,949)	\$ (4,332)	-65%		\$ (6,617)	\$ (10,621)	\$ (4,004)	-61%	
Interest & principal	(491)	(491)	-	0%	N/A	(491)	(491)	-	0%	N/A
Transfer (to)/from reserves	-	61	61	0%	N/A	-	-	-	0%	N/A
Capital spend (on prior year projects)	(4,100)	(155)	3,945	96%	Favourable variance due to delayed capital spending on multi-year projects.	(4,100)	(4,100)	-	0%	Actual yearend variance more favourable than projected due to delayed capital spending on multi-year projects.
Capital spend (on prior year abandonment projects)	(16,073)	(22,698)	(6,625)	-41%	Unfavourable variance due to higher abandonment costs from accelerated work year to date.	(16,073)	(16,073)	-	0%	Actual yearend variance more unfavourable than projected due to higher abandonment costs from accelerated work year to date.
Free cash flow (transfer (to)/from reserves)	7,108	7,171	63	1%	N/A	7,108	7,873	765	11%	Actual yearend variance more favourable than projected as additional free cash flow is required to sustain operations.
Miscellaneous	-	(10,408)	(10,408)	0%	Unfavourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	Actuals more unfavourable than projected as changes in working capital (A/R, A/P & Inventory) were not projected in November.
GAS PRODUCTION - OPERATING - CHANGE IN CASH	\$ (20,173)	\$ (37,469)	\$ (17,295)	-86%		\$ (20,173)	\$ (23,412)	\$ (3,239)	-16%	
TOTAL ENERGY LAND & ENVIRONMENT	\$ 40,817	\$ 41,789	\$ 972	2%		\$ 40,817	\$ 42,179	\$ 1,362	3%	
TOTAL ENERGY PRODUCTION EBITDA	\$ 40,817	\$ 41,789	\$ 972	2%		\$ 40,817	\$ 42,179	\$ 1,362	3%	

**Tax Supported
Capital Report Summary
As of December 31, 2025
(in thousands)**

	APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
POLICE					
Projects less than \$1M					
Police	404	340	64	404	
TOTAL POLICE	404	340	64	404	
GENERAL GOVERNMENT					
Projects less than \$1M					
General Municipal Revenue	1,000	-	1,000	1,000	
TOTAL GENERAL GOVERNMENT	1,000	-	1,000	1,000	
CORPORATE SERVICES					
Fleet & Facilities					
2025 Facilities Management Infrastructure Rehabilitation Program	2,750	2,242	508	2,750	2025 program in progress.
2025 Ancillary Infrastructure Rehabilitation Program	1,750	1,633	117	1,750	2025 Ancillary Program in progress. Contractors engaged.
2025 FFD-TCA-2025 Big Marble Go Centre Components	1,000	83	917	1,000	2025 BMGC components in progress. Contractor engaged.
2025 FFD-TCA-2025-Energy Efficiency Component Upgrades	1,000	1,045	(45)	1,045	Project is complete.
2024 City Hall Humidification Replacement	1,250	903	347	1,250	2024 City Hall Humidification - Construction in progress.
2024 Hill Pool Components Lifecycle	1,255	1,249	6	1,255	2024 Hill Pool Components - Construction in progress.
2024 Library Boiler Replacement	1,000	914	86	1,000	2024 Library Boiler Project - 90% complete.
2024 FM Infrastructure Rehab Program	2,250	2,246	4	2,250	2024 Infrastructure Program - 95% complete - outstanding deficiencies.
2024 Utility Infrastructure Repair Program	1,000	1,021	(21)	1,021	Project is complete.
2023 MTCA's	13,472	8,388	5,083	13,472	The 2023 Fleet replacement program is in progress
2024 MTCA's	7,928	4,004	3,924	7,928	The 2024 Fleet replacement program is in progress
2025 MTCA's	7,000	314	6,686	7,000	The 2025 Fleet replacement program is in progress
Information Technology					
2023 BTO-2023/2024 TCA OT Network Refresh and OT Cybersecurity Controls	1,800	1,044	756	1,800	Project is in execution phase. Completion timeline is Q4 2026.
Projects less than \$1M					
Finance	700	626	74	700	
Fleet & Facilities	4,694	1,775	2,919	4,694	
Information & Technology	3,305	2,321	984	3,192	
TOTAL CORPORATE SERVICES	52,154	29,809	22,345	52,107	
DEVELOPMENT & INFRASTRUCTURE					
Municipal Works					
2025 Transportation Infrastructure Rehabilitation Program	6,250	4,761	1,489	6,250	The remaining budget has been allocated to initiatives such as the gravel lane rehabilitation, local road rehabilitation, and crack sealing to be completed in 2026.
2025 Stormwater Infrastructure Rehabilitation Program	3,250	2,668	582	3,250	The remaining funds will be utilized to complete cured-in-place pipe (CIPP) lining of storm sewers as part of the 2026 lining program.
2025 3rd Street NE/NW Rehabilitation	1,368	209	1,159	1,368	Design work is currently underway, followed by the preparation of tender documents. The full project budget has been allocated to these activities and to construction services when the project continues into 2026/27.
2025 Downtown Surface Upgrades	1,150	8	1,142	1,150	Design work is underway. The full project budget has been allocated to design activities and to construction when the project continues into 2026/27.
2025 Coulee Ridge Phase 1 - donated asset	-	4,000	(4,000)	4,000	Roadway and Storm infrastructure for Coulee Ridge phase 1 was donated by the developer during completion of the subdivision.
2024 Bridge Rehabilitation	1,000	631	369	1,000	The remaining funds will be utilized to complete pedestrian bridge rehabilitation over Highway 1 in 2026.
2024 Transportation Infrastructure Rehabilitation	5,250	4,621	629	5,250	Remaining funds to be used for infrastructure upgrades including 13 Avenue trail extension and surface upgrades as part of Environmental Utilities led project on Birch Ave in 2026.
2024 Storm Sewer Rehabilitation Program	3,500	3,500	0	3,500	Complete and on budget.
2024 3rd Street SE Road Rehabilitation	3,800	3,675	125	3,800	3 Street SE and 6 Avenue SE projects are substantially complete. The remaining funds are committed to the outstanding work and warranty period in 2026.
2024 Division Ave South Upgrade	6,250	5,403	847	6,250	Construction of the Division Avenue South Upgrade project is mostly complete, with the exception of the trail connection at the College Avenue intersection. Additional upgrade work has also been identified along Dotty Avenue and will be carried out in 2026. The remaining budget will be used to complete this outstanding scope of work.
2023 Transportation Infrastructure Rehab	5,000	5,000	-	5,000	Complete and on budget.
2022 Infrastructure Rehab Program	5,875	5,189	686	5,875	Remaining funds to be used for overland flood protection work in 2026 and beyond.
2021 Infrastructure Rehabilitation Program	6,500	6,500	-	6,500	Complete and on budget.
2017 Street Light LED Conversion	2,375	2,368	7	2,375	Complete and under budget.
Projects less than \$1M					
Municipal Works	2,500	1,826	674	3,118	
Airport	520	-	520	520	
Planning & Development Services	100	90	10	90	
TOTAL DEVELOPMENT & INFRASTRUCTURE	54,688	50,449	4,239	59,296	
PUBLIC SERVICES					
Parks & Recreation					
2024 PKRC - 2024 TCA - Irrigation Infrastructure Program - Construction & Design	3,802	3,569	233	3,802	2024 Irrigation Construction & Design will be expensed by Q3 2026 as design and resident inspection initiatives complete. Projects include SF Scott Park design finalization/construction inspection and Hillside Cemetery design finalization/construction inspection.
2023 PKRC - 2023 TCA - Indoor/Outdoor Facilities Infrastructure Program	1,431	1,397	34	1,407	2023 Indoor/Outdoor Facilities Infrastructure Program will be expensed by Q2 2026 as the Herald Court rehabilitation deficiencies are complete.
2023 PKRC - 2023 TCA - Irrigation Infrastructure Program - Construction	3,683	3,662	21	3,683	2023 Irrigation Infrastructure Program will be expensed by Q2 2026 as the Southridge Community Park deficiencies are complete.
2022 PKRC TCA 2022 - Infrastructure Rehab Program	3,790	3,790	-	3,790	2022 Infrastructure Rehab Program is complete and on budget.
2025 PKRC-TCA-2025-Irrigation Infrastructure Program	3,410	1,445	1,965	3,280	2025 Irrigation Infrastructure Program will be expensed by Q3 2026 as design/construction projects carry into the following year. Projects include SF Scott Park construction and Harlow/Noble Park construction.
2025 PKRC-TCA-2025-Trail Infrastructure Program	1,500	1,185	315	1,500	2025 Trail Infrastructure Program will be expensed by Q2 2026 as trail project deficiencies are complete.
2025 PKRC-TCA-2025-Indoor/Outdoor Facilities Infrastructure Program	1,075	886	189	1,075	2025 Indoor/Outdoor Facilities Infrastructure Program will be expensed by Q2 2026 as the Lions Park Tennis Court Rehabilitation construction is complete.
2025 PKRC-TCA-2025-Facilities for the Future Design & Land Acquisition	3,900	167	3,733	3,800	2025 Facilities for the Future Design & Land Acquisition initiative is currently on hold as per direction from Council.
Projects less than \$1M					
Fire & Emergency Services	511	136	375	511	
Parks & Recreation	11,763	8,458	3,305	11,736	
Community Development	1,115	525	590	971	
TOTAL PUBLIC SERVICES	35,980	25,220	10,760	35,556	
TOTAL TAX SUPPORTED CAPITAL	144,226	105,818	38,408	148,362	

**Land and Properties
Capital Report Summary
As of December 31, 2025
(in thousands)**

	APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
LAND DEVELOPMENT & REAL ESTATE					
Land Development & Real Estate					
Phase 1: ID					
RiverWalk 1-6	1,902	1,870	32	1,902	The next step in RiverWalk is the preparation of an Area Structure Plan (ASP) amendment. Timing of this is dependent upon inventory levels, projected lot sales and overall land strategy determination. No current activity related to legacy correspondence with Journey Energy regarding the Environmental Reserve project.
Airport - South Node - Industrial	1,000	420	580	1,000	The area has significant development constraints pertaining to storm water management and as such the priority for development of the south node is low and no current efforts are being focused until market demand supports further investigation.
Phase 2: Plan					
Brier Run - Commercial, Industrial, Residential	14,500	1,117	13,383	14,500	The Area Structure Plan (ASP) was adopted by Council (T3 2019). When deemed appropriate to proceed dependent upon market conditions and overall land strategy, next steps consist of finishing the high level Functional Servicing Report (FSR) engineering design or as otherwise determined.
Phase 3: Design					
Ranchlands 3C	17,082	5,087	11,995	17,082	Design Approval was received in 2020. Costs spent to date are related to oversizing of previous Ranchlands infrastructure to service Ranchlands 3C and work associated with the Concept Scheme amendment and Subdivision approval. Construction is deferred pending improved market conditions and overall land strategy determination. At the request of local residents direction was given to construct the Ranchlands 2F&G trail system and construct a temporary trail through Ranchlands 3C. Both projects are complete. A small 10-12 lot development has been started with construction to commence in 2026.
Phase 4: Build					
Airport - North Node - Commercial	7,000	6,116	884	7,000	The Land Department developed 6.0 acres of groundside commercial / business industrial lands in the Central sector of the YXH Gateway (Phase II). Subdivision and construction was completed in T3 2022. Airport East Node brief Concept documentation remains to be completed. North Node Ph III is yet to go through final document reviews and is currently on hold until market demand supports further commercial land in this area.
North West Industrial Park	14,000	1,155	12,845	14,000	The Area Structure Plan (ASP) was adopted in T1 2022. The Outline Plan, its specific Functional Servicing Report (FSR) and requested financial assessments are next steps dependent on overall land strategy and defining end user needs.
Phase 5: Sell					
Residential Lot Sales	70,378	67,798	2,580	70,378	The department maintains these lots and adjacent infrastructure until the lots are sold. Costs incurred in the Sell phase include maintenance and final construction activities required to obtain the Final Acceptance Certificate.
Miscellaneous:					
Arena Servicing and Subdividing (155 Ash Ave SE)	2,500	2,312	188	2,500	Construction was completed in T3 2021. A conditional sales agreement is no longer active and the City will be pursuing steps to eventually re-market the site.
Projects less than \$1M					
Land & Properties	4,109	1,616	2,493	2,059	
TOTAL LAND & PROPERTIES CAPITAL	132,471	87,491	44,980	130,421	

**Rate Based Utilities
Capital Report Summary
As of December 31, 2025
(in thousands)**

		APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
RATE BASED UTILITIES						
Water						
2025	Coulee Ridge Phase 1 - donated asset	-	3,112	(3,112)	3,112	Water infrastructure for Coulee Ridge phase 1 was donated by the developer during completion of the subdivision.
2025	Water Distribution Asset Management Program	4,061	2,977	1,084	4,061	Approximately 81% of the funds have been allocated and are being utilized to complete engineering and construction on the various project areas listed under this budget item. The remaining 19% of funds will be utilized to complete engineering and construction work on other planned projects. 73% of the funds have been expended to date, and it's anticipated the remaining 27% will be expended in 2026 and 2027 to bring projects to full completion.
2025	Southridge Reservoir Rehabilitation	1,000	477	523	1,000	Project is currently under internal design. The construction tender is anticipated to be issued later in 2025. It's anticipated that approximately 70% of the funds will be expended in 2025, and the remaining 20% expended in 2026. Project anticipated to be under budget \$250K. Project to be completed in Q1 2026.
2025	North Reservoir Rehabilitation	1,200	-	1,200	1,200	Project is currently in internal design phase. The construction tender is anticipated to be issued later in 2025. It's anticipated that approximately 5% of the funds will be expended in 2025, and the remaining 95% expended in 2026. Project currently sourcing required materials. If received, project should commence Q1. If not, project to commence Q3-Q4 due to operating system demands.
2025	Harlow Water Transmission Main Interconnect	1,250	1,250	-	1,250	This project is complete and on budget.
2024	3 St SE Water Mains Replacement	1,590	1,497	93	1,590	Approximately 95% of the funds have been allocated and are being utilized to complete construction in the 3 St SE Downtown project area. 94% of the funds have been expended to date. Any unspent funds will be returned once the project is fully completed, at the end of 2026.
2024	Water Mains Asset Management Program	4,275	3,913	362	4,261	Approximately 95% of the funds have been allocated and are being utilized to complete engineering and construction on the various project areas listed under this budget item. The remaining 5% of funds will be utilized to complete engineering and construction work on other planned projects. 92% of the funds have been expended to date, and the remaining 8% will be utilized in 2026.
2023	Water Mains Asset Management Program	3,520	3,517	3	3,517	This project is complete and under budget.
2022	Water Systems Reinforcement Programs	1,000	1,000	-	1,000	This project is complete and on budget.
2020	Waste Solids Handling Facility	34,450	34,081	369	34,450	Commissioning is complete and project is going through optimization process. Project is expected to be completed in 2026 and on budget.
Sewer						
2025	2025-Coulee Ridge Phase 1 - donated asset	-	1,100	(1,100)	1,100	Wastewater infrastructure for Coulee Ridge phase 1 was donated by the developer during completion of the subdivision.
2025	Sewer Collection Asset Management Program	3,205	650	2,555	3,205	Approximately 32% of the funds have been allocated and are being utilized to complete engineering and construction on the various project areas listed under the budget item. The remaining unallocated funds will be utilized to complete engineering and construction work on other planned projects. 20% of the funds have been expended to date, and it's anticipated the remaining 80% will be expended in 2026 and 2027 to bring projects to full completion.
2025	Influent Channel Screens and Grit Removal Upgrades	4,737	189	4,548	4,737	Consultant is in initial stages of assessing concrete conditions to select equipment and begin design phase. Project expected to be complete in 2028 and on budget.
2024	3 St SE Sewer Mains Replacement	1,590	1,498	92	1,590	Approximately 96% of the funds have been allocated and are being utilized to complete construction in the 3 St SE Downtown project area. 94% of the funds have been expended to date. Any unspent funds will be returned once the project is fully completed, at the end of 2026.
2024	Sewer Mains Asset Management Program	4,275	3,917	358	4,275	Approximately 94% of the funds have been allocated and are being utilized to complete engineering and construction on the various project areas listed under the budget item. The remaining 6% of funds will be utilized to complete engineering and construction work on other planned projects. 92% of funds will be utilized to complete engineering and construction work on other planned projects. 92%
2023	Sewer Mains Asset Management Program	3,415	3,408	7	3,415	Project is complete and underbudget.
2023	Brier Park Gravity Bypass	5,432	4,088	1,344	5,432	Approximately 83% of the funds have been allocated and are being utilized to complete engineering and construction on the Brier Park Gravity Bypass project. 75% of the funds have been expended to date, and it's anticipated the remaining 25% will be expended in 2026 and 2027 to bring the project to full completion.
2022	Lift Station Facility Upgrade	1,000	991	9	1,000	Project is complete and underbudget.
2020	Lift Station Facility Upgrade	1,800	1,507	293	1,800	Required material has been received in 2026. Project will be completed Q1 2026.

**Rate Based Utilities
Capital Report Summary
As of December 31, 2025
(in thousands)**

	APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
RATE BASED UTILITIES					
Solid Waste					
2023 Food Waste Pilot	1,000	993	7	993	Project is complete and underbudget by \$7K.
Projects less than \$1M					
Water	5,808	2,210	3,598	6,045	
Sewer	4,271	1,325	2,947	4,414	
Solid Waste	130	59	71	130	
TOTAL ENVIRONMENTAL UTILITIES	89,009	73,757	15,252	93,577	
Electric Distribution					
2025 Substation Renewal	2,000	242	1,758	2,000	Project in design phase. Anticipated completion in Q4 2027.
2025 Distribution Overhead System Renewal	1,940	517	1,423	1,940	Project is in active construction. Anticipated completion in Q3 2026.
2025 East Ring Enhancement Project Phase 2	1,000	-	1,000	1,000	Project in design phase. Anticipated completion in Q4 2027.
2025 Substation Replacement	4,000	-	4,000	4,000	Project has yet to commence. Design anticipated to begin in Q1 2026.
2023 MHS-11 Substation	24,000	6,321	17,679	24,000	Project recently received Alberta Utilities Commission (AUC) approval and is in design phase. Budget was increased to \$40.0M as part of the 2026 Budget Update. Projected completion date Q1 2027.
2023 30/40/60L Upgrade of Transmission Line Capacity Phase 1	2,200	1,541	659	2,200	Project is in design phase. Anticipated completion in Q4 2026.
2023 Distribution Overhead System Renewal	3,509	3,458	51	3,458	Project is complete and under budget.
2023 Line Protection Upgrade	1,028	267	761	1,028	Projects in active construction. Anticipated completion in Q3 2026.
2023 Energy Innovation Challenge	2,405	850	1,555	850	City's portion of costs on this project has been fully committed. Remaining costs will be paid by 3rd parties. Program is in execution phase.
2023 Distribution Underground System Renewal	1,321	1,321	0	1,321	Project is complete and on budget.
2022 Distribution Overhead System Renewal	1,512	554	958	1,512	Project is in active construction. Anticipated completion in Q2 2026.
2021 Distribution Overhead System Renewal	1,523	1,093	430	1,523	Project is in active construction. Anticipated completion in Q2 2026.
2020 Distribution Underground System Renewal	1,048	1,049	(1)	1,049	Project is complete and slightly over budget by \$1K.
Gas Distribution					
2023 Gas Meters	1,350	1,354	(4)	1,354	Projects are complete and slightly overbudget by \$4K, due to increased material costs.
2022 Transmission Mains	1,285	1,284	1	1,284	Projects are complete and slightly underbudget by \$1K.
2022 Mains Extension & Replacement	1,824	1,822	2	1,822	Projects are complete and slightly underbudget by \$2K.
Projects less than \$1M					
Electric Distribution	11,721	8,214	3,507	11,469	
Gas Distribution	6,638	4,853	1,784	6,596	
TOTAL UTILITY DISTRIBUTION	70,304	34,740	35,564	68,406	
TOTAL RATE BASED UTILITIES CAPITAL	159,313	108,498	50,816	161,983	

**Energy Production
Capital Report Summary
As of December 31, 2025
(in thousands)**

		APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
ENERGY PRODUCTION						
Gas Production						
2012-2023	Surface Lease Abandonment	117,550	73,564	43,986	116,002	Project in progress - anticipated under budget.
2022-2024	Drilling and Completions	6,512	1,348	5,164	5,833	Project in progress - anticipated under budget.
2017-2023	Non-Operated	13,786	10,803	2,983	11,128	Project in progress - anticipated under budget.
2022-2023	Wells	3,600	323	3,277	2,406	Project in progress - anticipated under budget.
2022	Clear Horizon	1,732	1,606	126	1,606	Project completed but remains open as cost recoveries expected in 2026.
2021-2023	Pipelines	1,875	108	1,767	240	Project in progress - anticipated under budget.
2019-2023	Abandonment	80,311	42,293	38,018	79,039	Project in progress - anticipated under budget.
Electric Generation						
2025	Unit 10 Turbine Major Overhaul	11,000	-	11,000	11,000	Work will begin once spare turbine is returned from overhaul. Unsure of timeline due to supply chain bottleneck.
2025	Unit 17 Turbine Hot Section	7,000	-	7,000	7,000	Project cancelled due to low run hours on unit.
2024	69Kv SUBSTATION CABLE TRENCH, CONTROL CABLE REPLACEMENT	3,500	2,183	1,317	2,425	Control system migration is complete. Clean up of old equipment and cabling to be completed by Q2 2026.
2024	UNIT 14 HOT SECTION REPLACEMENT	6,800	5,940	860	6,540	Turbine has been returned to site. Combuster overhaul to be completed in Q3 2026.
2024	Unit 11 Turbine Major Overhaul (559-055)	13,881	8,924	4,957	13,424	Hot section currently being overhauled. Work delayed due to parts supply.
2024	Unit 16 Turbine Major Overhaul (192-554)	13,306	3,033	10,273	14,757	Currently being overhauled. Scheduled to be completed Q3 2026.
2024	12 STEAM TURBINE MAJOR OVERHAUL	1,134	1,032	102	1,032	Project completed in 2025 under budget.
2024	3R STEAM TURBINE MAJOR OVERHAUL	2,000	139	1,862	1,639	Overhaul to be started in Q2 2026.
2024	12 Generator Rotor Rewind & Replacement of 3R	1,002	1,002	-	1,002	Project is complete and on budget.
2024	10 GENERATOR ROTOR REPLACEMENT	2,000	516	1,484	1,530	Rotor is on site, accessories to be delivered Q1 2026.
2024	11 GENERATOR ROTOR REPLACEMENT	2,100	1,574	526	1,924	Rotor is on site, accessories to be delivered Q1 2026.
2022	Unit 12 Generator Rotor Replacement	5,835	5,835	-	5,835	Project is complete and on budget.
2023	Energy Business Development	7,000	6,961	39	6,961	Project timeline extended due to due diligence.
2023	Carbon Capture (Clear Horizon)	4,950	472	4,478	4,950	Project put on hold while next steps are being analyzed.
2023	GSU T12 Replacement	1,788	1,788	-	1,788	Project is complete and on budget.
Projects less than \$1M						
	Gas Production	1,350	237	1,113	1,249	
	Electric Generation	5,146	1,349	3,797	3,806	
TOTAL ENERGY, LAND & ENVIRONMENT		315,158	171,029	144,129	303,113	
TOTAL ENERGY PRODUCTION CAPITAL		315,158	171,029	144,129	303,113	

City of Medicine Hat
One-time Expenses and Initiatives Report Summary
As of December 31, 2025
(in thousands)

TAX SUPPORTED ONE-TIME EXPENSES AND INITIATIVES						
		APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
GENERAL GOVERNMENT						
City Manager & Managing Directors						
2020	2020 - MOE - Strategic Opportunity & Analysis Program (SOT)	1,721	1,709	12	1,709	Completed in 2025.
Economic Development						
2021/2023	2021-2022 EDD Development Incentive Program	5,200	2,235	2,965	5,200	In previous years, the incentive program included housing, infill, and redevelopment incentive program and City Centre Vibrancy incentive, of which there were 10 projects for a total of \$1,845,000 of committed funds, which equates to 160 new housing units. In 2025, City Centre Vibrancy funded 8 properties for a total of \$200,000. This program is still in progress and anticipated to be on budget.
2025	2025 - EDD-OTOI-2025-Development Incentives	2,600	102	2,498	2,600	The 2025 Vibrancy Incentive Program was approved by Council in Q2. Through a partnership between Medicine Hat Economic Development and Community Futures Entre-Corp, an initial tranche of \$100,000 has been fully subscribed. \$76,500 was allocated to a City Centre Program intended to increase activity. Funds were used to provide additional free parking and a partnership was formed with Tourism Medicine Hat for two shop local campaigns and a marketing campaign. An additional \$100,000 will be allocated to a Crime Prevention Through Environmental Design (CPTED) Incentive program which was presented to Council in Q4 of 2025. The remainder of the development incentives will be discussed with Council in Q1 of 2026.
Projects less than \$1M						
	Mayor & Councilors	100	85	15	100	
	City Manager & Managing Directors	-	-	-	-	
	City Clerk	450	498	(48)	450	
	People Services	1,097	137	960	1,097	
	Economic Development	1,546	953	593	1,546	
	General Municipal Revenues	100	85	15	100	
TOTAL GENERAL GOVERNMENT		12,814	5,804	7,011	12,802	
POLICE						
Projects less than \$1M						
	Police	220	33	187	220	
TOTAL POLICE		220	33	187	220	
CORPORATE SERVICES						
Corporate Planning & Performance						
2025	Women's Shelter Capital Grant	1,850	1,850	-	1,850	Complete at yearend.
Projects less than \$1M						
	Finance	1,913	956	957	1,913	
	Fleet & Facilities	565	504	61	565	
	Information & Technology	2,333	1,629	704	2,320	
	Corporate Planning & Performance	399	144	255	399	
TOTAL CORPORATE SERVICES		7,060	5,084	1,976	7,047	
DEVELOPMENT & INFRASTRUCTURE						
Projects less than \$1M						
	Municipal Works	1,394	456	938	1,394	
	Airport	615	278	337	615	
	Planning & Development Services	1,050	420	630	1,050	
TOTAL DEVELOPMENT & INFRASTRUCTURE		3,059	1,154	1,905	3,059	
PUBLIC SERVICES						
Parks & Recreation						
2023	PKRC - 2023/2024 MOE - Saamis Teepee Painting WO	1,080	525	555	1,080	2023/2024 Saamis Teepee Painting initiative including structural repair is complete. Remaining funds were to supplement the dance floor media upgrade. Working with Communications, Engagement and Marketing on extensive Indigenous relationship building and community engagement. Funds expected to be expensed by Q4 2026.
2025	PKRC-OTOI-2025-Growing Canada's Community Canopy	3,460	56	3,403	3,460	The Growing Canada's Community Canopy initiative will commence this upcoming spring and will be complete by Q3 2029.
Projects less than \$1M						
	Fire & Emergency Services	100	63	38	100	
	Parks & Recreation	1,604	1,191	413	1,604	
	Community Development	430	165	265	430	
TOTAL PUBLIC SERVICES		6,674	2,000	4,674	6,674	
ENERGY, LAND & ENVIRONMENT						
Energy, Land & Environment						
2023/2024	ELG - 2024 MOE - Clean Energy Improvement Program	6,782	96	6,687	6,782	Clean Energy Improvement Program (CEIP) began in Q3 of 2024. This is a four year program that will be completed in 2027.
Projects less than \$1M						
	Environment, Land & Gas Production	605	309	296	605	
TOTAL ENERGY, LAND & ENVIRONMENT		7,387	404	6,983	7,387	
TOTAL TAX SUPPORTED ONE-TIME EXPENSES AND INITIATIVES		37,214	14,479	22,735	37,189	

City of Medicine Hat
 One-time Expenses and Initiatives Report Summary
 As of December 31, 2025
 (in thousands)

RATE-BASED UTILITIES ONE-TIME EXPENSES AND INITIATIVES					
	APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
DEVELOPMENT & INFRASTRUCTURE					
Projects less than \$1M					
Environmental Utilities	705	291	414	705	
TOTAL DEVELOPMENT & INFRASTRUCTURE	705	291	414	705	
TOTAL RATE-BASED UTILITIES ONE-TIME EXPENSES AND INITIATIVES	705	291	414	705	

**City of Medicine Hat
City Council Approved Budget Amendments
As of December 31, 2025
(In thousands)**

**Council Approved Budget Amendments
2025 Operating Budget Amendments:**

Approved Date	Description	Business Unit	Department	Budget Amendment		Net Impact	Type	Funding Source	Tax Impact (%)
				Revenue	Expense				
April 7, 2025	Growing Canada's Community Canopies (GCCC) Tree Planting Program ¹	Municipal	Parks & Recreation	(\$1,710)	\$3,460	\$1,750	One-time	Government Grant/Operating Reserves	0.09%
April 7, 2025	Property Tax Bylaw Growth Revenue Shortfall ²	Municipal	General Municipal Revenues	\$520	\$0	\$520	Ongoing	Operating Reserves	0.03%
May 20, 2025	Concept Design ³	Municipal	Fleet & Facilities	\$0	\$250	\$250	One-time	Operating Reserves	0.01%
June 2, 2025	Medicine Hat Women's Shelter Society Grant ⁴	Municipal	Corporate Planning & Performance	\$0	\$1,850	\$1,850	One-time	Operating Reserves	0.09%
June 16, 2025	Regional Emergency Management Plan ⁵	Municipal	People Services	(\$125)	\$125	\$0	One-time	Grant	0.00%
July 21, 2025	IBEW Collective Bargaining Agreement Settlement ⁶	Energy Production	Electric Generation	\$0	\$116	\$116	Ongoing	Working Capital	0.00%
		Rate-Based Utilities	Environmental Utilities	\$0	\$42	\$42			0.00%
July 21, 2025	Settlement, Integration & Language Project ⁷ Desert Blume and Heron Crossing Multi-Use Trail Design ⁸	Municipal	Economic Development	(\$243)	\$332	\$90	One-time	Grant/Operating	0.00%
September 15, 2025	Mayor & Councilors Salaries, Wages & Benefits Increase ⁹	Municipal	Mayor & Councilors	\$0	\$108	\$108	Ongoing	Operating Reserves	0.11%
November 17, 2025	2026 Budget Update - Energy Production ¹⁰	Energy Production	Electric Generation	(\$8,476)	\$3,320	(\$5,156)	One-time	Working Capital	0.00%
November 17, 2025	2026 Budget Update - Land & Properties ¹¹	Land	Environment, Land & Gas Production	(\$635)	\$160	(\$475)	One-time	Working Capital	0.00%
			Environment, Land & Gas Production	\$511	(\$978)	(\$467)	One-time	Working Capital	0.00%
November 17, 2025	2026 Budget Update - Rate-Based Utilities ¹²	Rate-Based Utilities	Utility Distribution Systems	\$419	(\$250)	\$169	One-time	Working Capital	0.00%
December 15, 2025	Medicine Hat Police Association (MHPA) Collective Bargaining Agreement Settlement ¹³	Municipal	Police Services	\$0	\$270	\$270	Ongoing	Operating Reserves	0.27%
Total				(\$9,738)	\$8,875	(\$863)			0.60%

Notes:

¹ One-time Operating Initiative for the Parks & Recreation Department's application for the GCCC grant that would provide \$1,709,519 with a City of Medicine Hat contribution of \$1,750,000 funded through reserves.

² Adoption of the 2025 Property Tax Bylaw requires a revision of \$520,000 to generate the municipal tax change of 5.6%, which was approved through the 2025 Municipal Operating Budget.

This is due to physical assessment growth falling below the budgeted 0% change for the 2025 tax year as a result of increased exemptions of both non-profit organizations and farming operations.

³ Preliminary concept design and project costing for reduced north grandstand option for Medicine Hat Exhibition & Stampede.

⁴ Grant application from Medicine Hat's Women's Shelter Society in support of Phoenix Safe House emergency shelter expansion project.

⁵ Update Regional Emergency Management Plan, which specifies local collaboration during a disaster affecting the area, through successful application to Alberta Community Partnerships provincial grant.

⁶ Collective bargaining agreement settlement between the City of Medicine Hat and Local Union 254 of the International Brotherhood of Electrical Workers (IBEW) to reflect wage growth and retroactive pay.

⁷ One-time Operating Initiative for the Economic Development Department's application for the SILP grant through Alberta Jobs, Economy, and Trade.

Government grant funding would provide \$242,572 with a City of Medicine Hat contribution of \$89,676 reallocated from previously approved operating funds.

⁸ One-time Operating Initiative for the Municipal Works Department's design of a multi-use trail between the hamlet of Desert Blume and the subdivision of Heron Crossing.

⁹ Adjust remuneration for Mayor & Council members for the upcoming term, funded through operating reserves.

¹⁰ Amendments to the 2026 Energy Production operating budgets reflect updates to commodity price forecasts, emissions compliance costs, and asset retirement obligations.

¹¹ Amendments to the 2026 Land & Properties operating budget include the reduction of both revenue and cost of sales for the Ranchlands 3B development.

¹² Amendments to the 2026 Rate-Based Utilities operating budgets to ensure adequate delivery of essential distribution services.

¹³ Collective bargaining agreement settlement between the City of Medicine Hat and the Medicine Hat Police Association to reflect wage growth and retroactive pay.

**Council Approved Budget Amendments
2025 Capital Budget Amendments:**

Date	Description	Business Unit	Department	Budget Year	Approved Budget	Approved Reallocation	Adjusted Budget	Funding Source	Tax Impact (%)
April 7, 2025	Saamis Solar Detailed Due Diligence ¹	Energy Production	Electric Generation	2025	\$0	\$675	\$675	Energy Transition Reserve	0.00%
October 6, 2025	Southside Outdoor Pool and Brier Run Sports Fields Design & Land Acquisition ²	Municipal	Parks & Recreation	2025	\$0	\$3,900	\$3,900	Capital Reserves	0.19%
								Capital Reserves/Working Capital	
November 17, 2025	2026 Budget Update - Energy Production ³	Energy Production	Electric Generation	2026	\$17,280	\$15,600	\$32,880	Capital	0.54%
November 17, 2025	2026 Budget Update - Land & Properties ⁴	Land	Environment, Land & Gas Production	2026	\$52,582	(\$33,152)	\$19,430	Working Capital	0.00%
November 17, 2025	2026 Budget Update - Rate-Based Utilities ⁵	Rate-Based Utilities	Utility Distribution Systems	2026	\$24,000	\$16,000	\$40,000	Capital Reserves	0.78%
Total					\$93,862	\$3,023	\$96,885		1.51%

Notes:

¹ The Saamis Solar Detailed Due Diligence is an important phase of the project development work that is necessary to inform a decision to proceed or not proceed with construction of the overall Saamis Solar project.

² Preliminary design and land acquisition for the development of an outdoor aquatics facility on the south side of the city and the construction of sports fields in Brier Run.

³ Amendments to the 2026 Tangible Capital Asset projects to reflect updates to the scheduling of crucial maintenance on generation assets and equipment required at the remote generation facility.

⁴ Amendments to the 2026 Tangible Capital Asset projects not expected to proceed in the near term for the Land & Properties department.

⁵ Amendment to the Medicine Hat Southwest Substation project due to new location and compliance requirements including additional siting considerations, land acquisition, and additional electrical distribution feeder main extensions.

City of Medicine Hat
City Manager Approved Budget Amendments
As of December 31, 2025
(in thousands)

City Manager Approved Budget Amendments
2025 Operating Budget Reallocations:

Approved Date	Description	Business Unit	Department	Budget Amendment		Net Impact	Type
				Revenue	Expense		
March 18, 2025	Energy Business Review Reallocation ¹	Municipal	City Manager & Managing Directors	\$0	\$35	\$0	One-time
			Corporate Planning & Performance	\$0	(\$35)	\$0	
April 23, 2025	Medicine Hat Public Library (MHPL) Excess Budget ²	Municipal	Other Organizations	\$0	(\$43)	\$0	One-time
			General Municipal Revenues	\$0	\$43	\$0	
May 15, 2025	Alberta Law Enforcement Response Team (ALERT) Police Clerk ³	Municipal	Police Services	(\$90)	\$90	\$0	Ongoing
June 25, 2025	Investment Attraction Strategy & Action Plan ⁴	Municipal	Economic Development	(\$41)	\$41	\$0	One-time
June 26, 2025	Reallocate Increased Service Level Costs from Transit Services to Fleet Services ⁵	Municipal	Community Development	\$0	(\$250)	(\$250)	Ongoing
			Fleet & Facilities	\$0	\$250	\$250	
October 9, 2025	Medicine Hat Police Services School Resource Officer (SRO) Revenue Adjustment ⁶	Municipal	Police Services	\$75	\$0	\$75	One-time
			General Municipal Revenues	(\$75)	\$0	(\$75)	
November 18, 2025	Reallocate Grants to Medicine Hat Public Library (MHPL) and Shortgrass Library System (SLS) Public Organizations ⁷	Municipal	Other Organizations	\$0	(\$11)	(\$11)	One-time
			General Municipal Revenues	\$0	\$11	\$11	
December 17, 2025	Rural Transit Solutions Fund Grant for Adaptive Transportation ⁸	Municipal	Community Development	(\$50)	\$50	\$0	One-time
December 18, 2025	Reallocate Finance Major Operating Expenses (MOE) Budget ⁹	Municipal	Finance	\$0	(\$60)	(\$60)	One-time
				\$0	(\$60)	(\$60)	
				\$0	(\$294)	(\$294)	
				\$0	(\$300)	(\$300)	
				\$0	\$120	\$120	
				\$0	\$594	\$594	
Total				(\$181)	\$181	\$0	

Notes:

¹ Additional funding was requested to adjust the scope of the current project to add third party financial advice into the draft MCC financial analysis and related business plan.

The added scope will enhance the quality of the information that will be delivered from the project, which will improve confidence in decision making at key stage gate(s).

² As part of the 2025-2026 budget development process, a placeholder of \$2,708,781 for MHPL was included in the City's proposed budget, while the MHPL Board approved 2025 budget request was for \$2,666,103. Given the timing of the submission and the minimal difference between allocated budget and MHPL's request, the City's proposed budget was not amended prior to being put forward for Council approval.

³ New permanently established position for full-time Police Clerk.

There will be no cost to the City of Medicine Hat as funding for this position will be recovered from ALERT with a three-year commitment in place.

⁴ Amendment of existing funding source from operating to federal grant through successful application to Can Export Community Investments Program.

⁵ Reallocation of increased service level costs pertaining to maintenance, fuel and repairs from Transit Services to Fleet Services.

⁶ Budget reallocation to correct double entry of revenue recorded twice in error related to the School Resource Officer positions.

⁷ As part of the 2025-2026 budget development process, a placeholder of \$2,715,010 for MHPL was included in the City's proposed budget, while the MHPL Board approved 2026 budget request was for \$2,700,009.

As part of the 2025-2026 budget development process, a placeholder of \$324,524 for SLS was included in the City's proposed budget, while the SLS Board approved 2026 budget request was for \$328,376.

Given the timing of the submissions for MHPL's and SLS's requests, the City's proposed budget was not amended prior to being put forward for Council approval.

⁸ Amendment of existing funding source from operating to federal grant through successful application to Housing, Infrastructure and Communities Canada's Rural Transit Solution Fund (RTSF).

⁹ Reallocation of Finance unused budget funds for Major Operating Expense projects completed and underspent in 2025 to cover projects that require additional funding.

City of Medicine Hat
City Manager Approved Budget Amendments
As of December 31, 2025
(in thousands)

City Manager Approved Budget Amendments
2025 Capital Budget Reallocations and Critical Capital Approvals:

Approved Date	Description	Business Unit	Department	Budget Year	Approved Budget	Approved Reallocation	Adjusted Budget	Funding Source
January 15, 2025	Negotiator Throw Phone/Firearm Replacements Capital Budget Reallocation ¹	Municipal	Police Services	2024	\$60	(\$33)	\$27	Internal Loan
				2025	\$225	\$33	\$258	Internal Loan
				2025	\$11,981	\$1,900	\$13,881	Working Capital
March 3, 2025	Unit 11 Turbine Overhaul & Unit 14 Hot Section Replacement (Critical) ²	Energy Production	Electric Generation	2025	\$5,600	\$1,200	\$6,800	Working Capital
				2025	\$7,950	(\$2,390)	\$5,360	Capital Reserves
May 12, 2025	Water Treatment Plant Residuals Management Facility Change in Funding Source ³	Rate-Based Utilities	Environmental Utilities	2020	\$26,500	\$2,590	\$29,090	Government Grants
				2025	\$550	(\$550)	\$0	Government Grants
May 12, 2025	Reallocate Fleet Growth Capital Budget Requests ⁴	Municipal	Airport	2025	\$750	(\$750)	\$0	Capital Reserves
			Community Development		\$500	(\$500)	\$0	Capital Reserves
			Municipal Works		\$40	(\$40)	\$0	Capital Reserves
		Rate-Based Utilities	Environmental Utilities		\$50	(\$50)	\$0	Capital Reserves
		Municipal	Fleet & Facilities		\$0	\$1,890	\$1,890	Government Grants / Capital Reserves
		July 31, 2025	Trans Canada Trail Accessibility & Inclusion ⁵		Municipal	Parks & Recreation	2025	\$428
August 25, 2025	Reallocate Land Capital Budget ⁶	Land	Environment, Land & Gas Production	2014	\$4,000	(\$2,398)	\$1,602	Working Capital
				2008	\$400	\$14	\$414	
				2013	\$300	\$34	\$334	
				2021	\$150	\$2,350	\$2,500	
				2024	\$1,255	(\$8)	\$1,247	
October 28, 2025	Municipal Climate Change Action Centre (MCCAC) Grant Programs ⁷	Municipal	Fleet & Facilities	2024	\$0	\$8	\$8	Government Grants
				2025	\$1,750	(\$40)	\$1,710	Capital Reserves
				2025	\$0	\$40	\$40	Government Grants
				2025	\$7,000	(\$1,466)	\$5,534	Capital Reserves
				2025	\$0	\$1,466	\$1,466	Government Grants
November 12, 2025	Fleet Transit Units Change in Funding Source ⁸	Municipal	Fleet & Facilities	2025	\$750	(\$293)	\$457	Capital Reserves
				2025	\$0	\$293	\$293	Government Grants
				2019	\$211	(\$112)	\$99	Working Capital
				2022	\$5,740	\$95	\$5,835	
2022	\$500	(\$20)	\$480					
2023	\$1,750	\$38	\$1,788					
December 8, 2025	Electric Generation Capital Budget Reallocation ⁹	Energy Production	Electric Generation	2024	\$12,000	\$1,306	\$13,306	Working Capital
				2024	\$2,000	(\$866)	\$1,134	
				2024	\$400	(\$243)	\$157	
				2024	\$1,200	(\$198)	\$1,002	
				2022	\$1,000	(\$814)	\$186	
				2022	\$11,050	(\$9,504)	\$1,546	
2022	\$13,037	\$4,000	\$17,037					
2023	\$3,550	\$6,318	\$9,868					
Total					\$122,677	\$3,100	\$125,777	

Notes:

- ¹ Reallocation of unused budget funds for crisis negotiator communication device (throw phone) to further support firearm replacements.
- ² Approval to use additional funds from working capital as per Budget Amendment Policy 0183 to complete critical turbine repairs. A Briefing Note will be routed to Council once total costs are known to increase the capital budget by the amount spent.
- ³ Change in funding source from capital reserve to Municipal Sustainability Initiative (MSI) to utilize remaining unallocated grant funds.
- ⁴ Reallocation of 2025 Growth Capital budget requests for vehicles, from the Department which prepared the Business Case to the Fleet & Facilities Department, which will be procuring the new vehicles.
- ⁵ Change in funding source from capital reserve to Trans Canada Trail (TCT) grant funding for engineering design of accessible boardwalk along South Saskatchewan River.
- ⁶ Budget reallocation focuses on key land development areas and supports initial planning and engineering work in alignment of recently completed Land and Real Estate Strategy.
- ⁷ Change in funding sources from debtenture and capital reserves to Municipal Climate Change Action Centre (MCCAC) grant program for Hill Pool solar panels and new Light-Emitting Diode (LED) lights at The Southridge Recreation Centre.
- ⁸ Change in funding sources from capital (fleet) reserve to Investing in Canada Infrastructure Program (ICIP) Public Transit Stream grant program for five fleet units under the Mobile Asset Replacement Program and one fleet unit as a part of the Regular Transit Service Adjustment.
- ⁹ Reallocation of Electric Generation capital budgets for projects completed in 2025 with surplus funds to capital projects currently over budget.
- ¹⁰ Reallocation of Gas Production capital budgets for abandonment and maintenance work based on the need to fulfill operational and environmental requirements.

**City of Medicine Hat
Contingency Budget Amendments
As of December 31, 2025
(in thousands)**

**City Manager Operating Contingency
2025 Operating Budget Amendments:**

Approved Date	Description	Business Unit	Department	Budget Year	Approved Budget
	Approved Budget			2025	\$100
March 24, 2025	Medicine Hat Police Services (MHPS) Data Enhancement Grant ¹	Municipal	Police Services	2025	(\$30)
				2025	\$30
July 28, 2025	Personnel Matter Investigation ²	Municipal	Mayor & Councilors	2025	(\$85)
Balance - City Manager Operating Contingency					\$15

Notes:

¹ MHPS was successful in Alberta government grant application, which is to be received in the amount of \$60,000 split equally over two years (2025-2026).

The City Manager operating contingency fund will be reimbursed upon receipt of the grant.

² Council authorized to retain and instruct an investigator to provide report to Council as discussed in July 28, 2025 closed session.

**City Manager Capital Contingency
2025 Capital Budget Amendments:**

Approved Date	Description	Business Unit	Department	Budget Year	Approved Budget
				2025	\$500
Balance - City Manager Capital Contingency					\$500

**Capital Grant Contingency
2025 Capital Budget Amendments:**

Approved Date	Description	Business Unit	Department	Budget Year	Approved Budget
				2025	\$500
Balance - Capital Grant Contingency					\$500

**City of Medicine Hat
People Metrics
As of December 31, 2025**

Payment Metric	Number of People	Cumulative Amount (in thousands)
Severance Payments	14	\$ 1,500
Bonus Payments ^{1,2}	42	\$ 532

1. Bonus payments made in 2025 based on 2024 metrics

2. Bonus payments are not tax supported

Headcount & Union %		
CUPE	784	50.68%
PERMANENT	531	34.32%
TEMPCASUAL	204	13.19%
TEMPSEASONAL	11	0.71%
TEMPTERM	20	1.29%
VACANT	18	1.16%
IAFF_LOCAL263	88	5.69%
PERMANENT	87	5.62%
TEMPTERM	1	0.06%
IBEW_ELEC_DISTRIBUTION	57	3.68%
PERMANENT	48	3.10%
TEMPCASUAL	2	0.13%
TEMPTERM	4	0.26%
VACANT	3	0.19%
IBEW_ELEC_GENERATION	53	3.43%
PERMANENT	53	3.43%
NON_UNION_MGMT	249	16.10%
PERMANENT	212	13.70%
TEMPCASUAL	2	0.13%
TEMPSEASONAL	1	0.06%
TEMPTERM	1	0.06%
TEMPWITHBENS	1	0.06%
VACANT	32	2.07%
POLICE	119	7.69%
PERMANENT	106	6.85%
TEMPTERM	7	0.45%
VACANT	6	0.39%
POLICE_SENIOR_OFFICERS	2	0.13%
PERMANENT	2	0.13%
WITHOUT_UNION	195	12.61%
TEMPCASUAL	184	11.89%
TEMPGOVPROG	2	0.13%
TEMPSEASONAL	7	0.45%
TEMPTERM	2	0.13%
TOTAL	1547	100.00%

Employment Type Definitions	
Permanent Employee	Generally, an employee hired in a continuous permanent capacity with guaranteed annual hours, and no scheduled end-date of employment. Eligible for all benefits including pension.
Temporary Employee	Generally, an employee hired to assist in peak work periods (including seasonal work) or to relieve for a permanent employee who is on an approved leave of absence, and is subject to layoff at the end of the assignment. If there is an end-date, see Temp-Term definition. The employee may or may not be eligible for benefits. If the employee is eligible for benefits, see Temp With Benefits definition.
Temp With Benefits	Generally, an employee hired to assist in peak work periods (including seasonal work) or to relieve for a permanent employee who is on an approved leave of absence, and is subject to layoff at the end of the assignment. The employee is eligible for benefits.
Temp Term	Generally, an employee hired to assist in peak work periods (including seasonal work) or to relieve for a permanent employee who is on an approved leave of absence, and is subject to layoff at the end of the assignment. There is an end-date to the employee's contract.
Temp Seasonal	Generally, an employee hired to assist in a seasonal capacity, and is subject to layoff at the end of the assignment.
Temp Gov Prog	Generally, an employee hired to assist in a seasonal capacity, and is subject to layoff at the end of the assignment. Funding for the position is provided by the provincial and/or federal government via government grants and programs.
Temp Casual	Generally, an employee hired to assist in peak work periods (including seasonal work), on a part-time or casual basis, and is subject to layoff at the end of the assignment.
Vacant Position	An active position that is unencumbered.

EXECUTIVE SUMMARY

RESERVE BALANCES AS AT DECEMBER 31 2025

(in thousands of dollars)

DESCRIPTION	Balance Dec 31/24	Additions	Deductions	Balance Dec 31/25
Operating	35,437	12,010	4,662	42,785
Capital	208,471	99,807	36,956	271,322
Medicine Hat Endowment Fund	207,632	17,283	5,000	219,915
Abandonment Obligations	76,273	12,399	22,867	65,805
Energy Transition	76,273	10,671	675	86,269
TOTAL RESERVES	604,086	152,170	70,160	686,096
DEFERRED REVENUE	27,961	33,061	-	61,022
UNRESTRICTED CASH	121,731		28,321	93,410
TOTAL RESTRICTED & UNRESTRICTED CASH	753,778	185,231	98,481	840,528

EXECUTIVE SUMMARY
CONTRIBUTIONS TO CORPORATE FUND & RESERVES AT DECEMBER 31, 2025

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2025 Actual
Water	\$ 275,000	\$ (496,000)	\$ 4,258,000	\$ 2,756,000	\$ (1,000,323)	\$ (2,552,000)
Sewer	(4,385,000)	986,000	4,403,000	2,062,000	(1,396,394)	3,473,000
Solid Waste	2,750,000	2,530,000	930,000	(239,000)	1,933,821	2,280,000
Electric Distribution	8,562,000	2,472,000	(716,000)	2,717,000	1,006,161	2,214,000
Gas Distribution	5,076,000	3,823,000	(1,378,000)	162,000	582,783	1,867,000
Rate Based Utilities Subtotal	12,278,000	9,315,000	7,497,000	7,458,000	1,126,048	7,282,000
Land Development & Real Estate	2,447,000	3,776,000	765,000	1,840,000	2,103,173	5,082,000
Land Development & Real Estate Subtotal	2,447,000	3,776,000	765,000	1,840,000	2,103,173	5,082,000
Gas Production	(6,900,000)	(1,721,000)	(1,540,000)	(4,964,000)	(7,108,315)	(7,171,000)
Electric Generation	73,441,000	96,699,000	138,785,000	7,497,000	20,562,573	26,619,000
Energy Production Subtotal	66,541,000	94,978,000	137,245,000	2,533,000	13,454,258	19,448,000
Total Contributions	\$ 81,266,000	\$ 108,069,000	\$ 145,507,000	\$ 11,831,000	\$ 16,683,479	\$ 31,812,000
Allocated As Follows:	2021	2022	2023	2024	2025	2025
Municipal General Fund	-	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Capital Reserve	76,076,000	38,155,200	73,406,000	-	13,683,479	18,440,000
Operating Reserve	1,924,000	20,000,000	40,000,000	8,831,000	-	-
Medicine Hat Endowment Fund	3,266,000	46,913,800	29,101,000	-	-	-
Abandonment Obligations Reserve	-	-	-	-	-	4,322,000
Energy Transition Reserve	-	-	-	-	-	6,050,000
Total	\$ 81,266,000	\$ 108,069,000	\$ 145,507,000	\$ 11,831,000	\$ 16,683,479	\$ 31,812,000

Investment Portfolio

\$840.5M
Total Market Value

12
External Investments

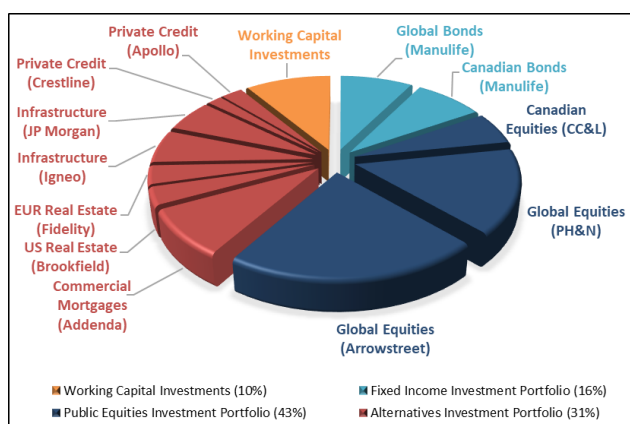
11
External Managers

11.16%
YTD Performance

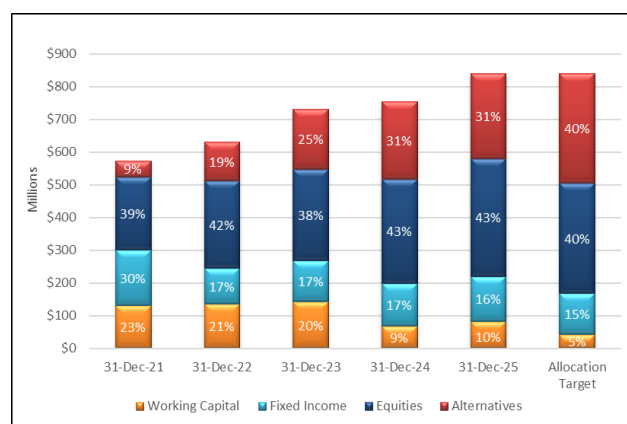
Asset Class	Manager	Market Value	% Total Portfolio	Unrealized Gain/Loss	YTD Return	YTD Benchmark
Working Capital	Internal	\$82,757,287	10%	\$0	3.32%	2.84%
Canadian Fixed Income	Manulife	\$67,045,379	8%	(\$6,042,404)	3.51%	2.64%
Global Fixed Income	Manulife	\$69,939,801	8%	(\$4,300,328)	5.93%	3.33%
Canadian Equities	CC&L	\$48,722,519	6%	\$4,398,804	30.35%	31.68%
Global Equities	PH&N	\$128,192,010	15%	(\$5,837,170)	11.48%	15.41%
Global Equities	Arrowstreet	\$183,902,501	22%	\$45,657,924	23.44%	16.34%
Commercial Mortgages	Addenda	\$72,134,410	9%	\$283,140	5.45%	3.88%
US Real Estate	Brookfield*	\$26,852,414	3%	(\$7,396,661)	-5.78%	6.44%
European Real Estate	Fidelity	\$28,032,027	3%	(\$3,929,355)	11.21%	6.44%
Infrastructure	Igneo	\$49,761,988	6%	\$5,718,685	6.93%	6.44%
Infrastructure	JP Morgan*	\$47,985,523	6%	\$5,382,150	6.50%	6.44%
Private Credit	Crestline*	\$14,237,076	2%	\$56,378	4.07%	6.44%
Private Credit	Apollo*	\$20,965,788	2%	\$0	4.90%	6.44%
Total Portfolio		\$840,528,723	100%	\$33,991,162	11.16%	9.47%

* Performance reporting is on a one quarter lag.

Investments by Mandate



Investments by Asset Class

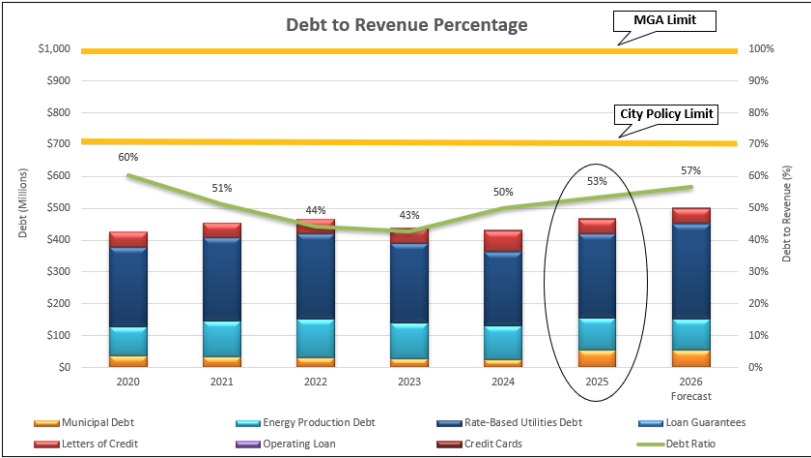


Debt Management

The City of Medicine Hat incorporates debt to finance a portion of its capital program. The use of debt is closely monitored to ensure that the City remains within Municipal Government Act regulations. Outstanding debt has interest payable at rates ranging from 1.79% to 6.25% with an average annual interest rate of 3.48%.

Debt to Revenue Percentage

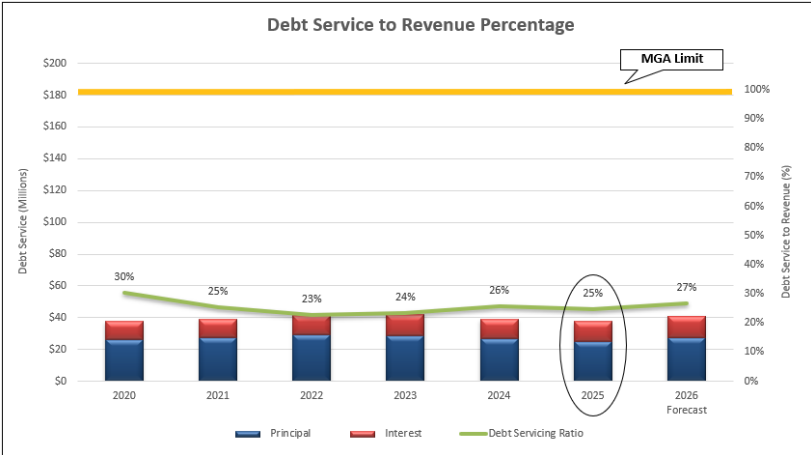
Per the Municipal Government Act, the City is required to remain within the Debt to Revenue Percentage of 100% of 2x revenue. The City’s internal debt ratio goal is to remain under 70%, per Debt Management Policy 0176. On December 31, 2025, the City had debt outstanding of \$465.3 million consisting of \$418.5 million in long-term debt, \$45.4 million in letters of credit, \$0.5 million in credit cards and \$0.9 million in loan guarantees with an overall debt to revenue percentage of 53% of the revenue limit.



- Note:
- 2020-2024 – Based on Audited Revenue and Debt
 - 2025 – Based on Unaudited Revenue and actual Debt
 - 2026 Forecast – Based on forecasted Revenue and forecasted Debt
 - A 19% drop in revenue would result in the Debt to Revenue Percentage reaching the 70% City Policy Limit.

Debt Service to Revenue Percentage

Per the Municipal Government Act, the City is also required to remain within the Debt Service to Revenue Percentage of 100% of 0.35x revenue. On December 31, 2025, the City’s Debt Servicing requirement for 2025 was 25% of the revenue limit.



Hedging

Hedging is the process of identifying, controlling, and minimizing exposure to commodity price movement.

Hedge Policy 0159 Compliance Status

Item	Status
Stabilize the cost of commodities/revenues	✓
Maintain reliable supplies for operations	✓
Mitigate financial risk exposure to City	✓
Follow internal controls (e.g. segregation of duties)	✓
Counterparty credit risk verified	✓

Gas Operations

- Energy commodities exhibit mean reversion over a long-term time horizon as higher prices drive higher production and discourage demand, eventually leading to lower prices. The opposite is also true as lower prices drive lower supply and eventually lead to an increase in commodity prices.
- Objective: To mitigate commodity price volatility risk by locking in the commodity price on a portion of volume.
- 2025 hedging: Maximum volume permitted to be hedged is set at 25% with the time horizon varying from 6 months to 3 years. The program is reviewed annually and adjusted as required.
- **2025 hedging: No hedges have been executed for this strategy as of December 2025. Hedging volumes will increase the risk, and it was decided in the Q1 2023 hedging meeting not to hedge for now.**

Foreign Exchange

- Strategy: lock in project economics to minimize uncertainty/losses from foreign currency transactions.
- **2025 hedging: Treasury settled two contracts in 2024, one contract in January 2025 and one contract in July 2025. There are currently no outstanding FX hedges.**

GENCO

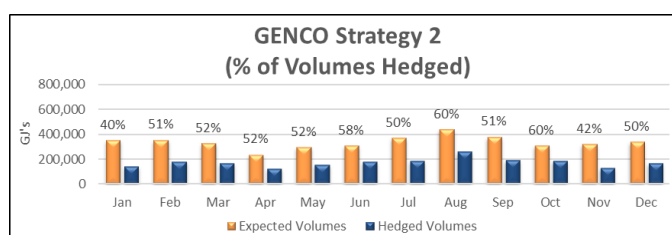
Strategy # 1:

- Protect margins for a portion of demand from large commercial/industrial class customers.
- No hedges were executed for this strategy in 2025.

Strategy #2:

- Lock in margin for a portion of demand for the City's regulated rate option customers.
- 2025 hedging: Maximum volume permitted to be hedged is set at 60% with a time horizon of 30 days from the start of the month. The program is reviewed annually and adjusted as required.

Benefit:
Price certainty achieved on the
53% of volumes that were hedged.



Strategy #3:

- Optimize the City's assets when excess capacity can be sold at a favorable margin (Strategy 3A) and when power may be purchased at a more reasonable cost than internal generation (Strategy 3B).
- 2025 hedging:
 - Strategy 3A: Maximum volume permitted to be hedged is set at 60% with a maximum time horizon of 2 years. The program is reviewed annually and adjusted as required.
 - Strategy 3B: Up to 50% of off-peak requirements permitted to be hedged with a maximum time horizon of 90 days.

Benefit: 6 positions taken for a total of 35,000 GJ and 14,160 MWh executed under this strategy for 2025.

Loans, Guarantees & Letters of Credit

Loans to Outside Organizations

Organization	Loan Initiation (year)	Initial Amount	Balance Outstanding (Dec 31, 2025)	Maturity (year)
Medicine Hat Curling Club	2016	\$140,000	\$89,535	2034
Total		\$140,000	\$89,535	

Loan Guarantees

Organization	Loan Initiation (year)	Initial Amount	Balance Outstanding (Dec 31, 2025)	Maturity (year)
Connaught Golf & Country Club	2013	\$965,000	\$511,379	2034
Medicine Hat Golf & Country Club	2012	\$675,000	\$351,100	2034
Medicine Hat Golf & Country Club	2017	\$100,000	\$26,602	2027
Total		\$1,740,000	\$899,080	

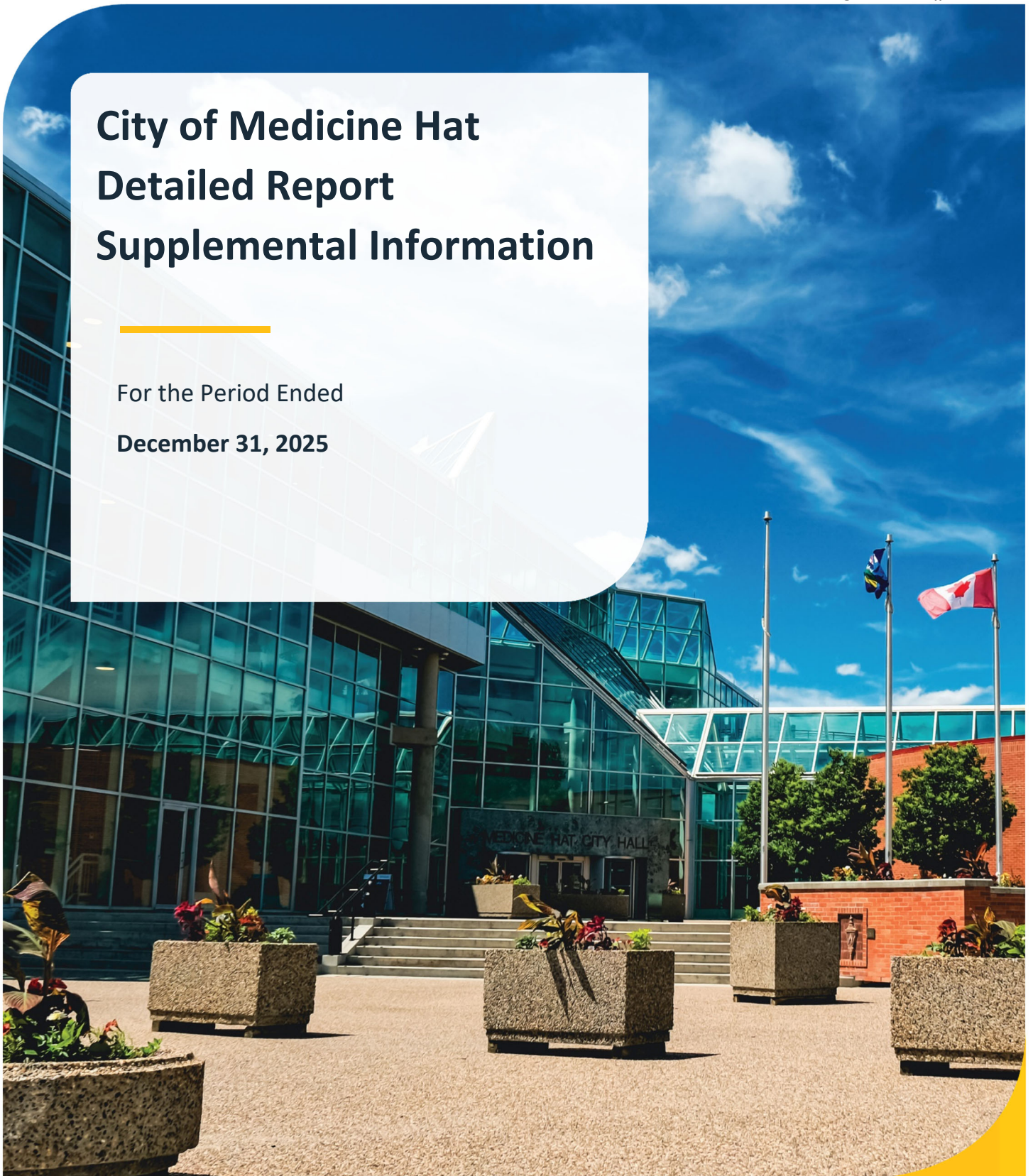
Letters of Credit

Organization	Amount	Additional Information
Natural Gas Exchange	\$10,500,000	Gas Operations - security for natural gas trading
Rural Municipality of Fox Valley	\$10,000	Gas Operations - reclamation assurity
Rural Municipality of Fox Valley	\$50,000	Gas Operations - reclamation assurity (roads)
SK Ministry of Economy	\$10,000,000	Gas Operations – liability management program
Alberta Energy Regulator	\$24,000,000	Gas Operations - liability management program
AESO (ISO)	\$800,000	GENCO - security for power pool trading
Total	\$45,360,000	
Under/(Over) Limit - \$75 million	\$29,640,000	

Note: - Gas Operations continues to review deposit and Letter of Credit requirements with regulators.

City of Medicine Hat Detailed Report Supplemental Information

For the Period Ended
December 31, 2025



Management Reports

For the Period Ended December 31, 2025

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ELECTRIC GENERATION

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		NOTE
				to Dec 31/25 at Nov 30/25	to Dec 31/25 at Nov 30/25	
Sales						
Gain/Loss on Risk Management Instrument	\$ -	\$ (1,040)	\$ (1,040)	\$ (843)	\$ (843)	1
Sales to Power Pool	22,786	23,894	1,108	707	23,493	2
Sales to Retail	67,290	92,467	25,176	24,974	92,264	3
Sales	38,516	28,075	(10,441)	(10,149)	28,367	4
Total	128,592	143,396	14,804	14,688	143,280	
Cost of Sales						
Payment in Lieu of Taxes	3,456	4,148	(692)	207	3,249	5
Transmission Charges	1,726	2,720	(995)	(837)	2,562	6
Carbon Tax	11,944	6,338	5,606	5,606	6,338	7
Transfer (from) to Retail	(3,799)	23,333	(27,132)	(26,918)	23,119	8
Fuel	32,954	20,787	12,167	12,178	20,776	9
Electric Energy Purchase	11,487	11,180	307	(30)	11,517	10
Total	57,768	68,506	(10,738)	(9,794)	67,562	
Gross Margin	70,825	74,890	4,065	4,894	75,719	
Revenue						
Administration	-	23	23	23	23	
Total	-	23	23	23	23	
Expenses						
Administration	2,720	2,801	(81)	(20)	2,740	
Operations	5,397	5,256	140	66	5,331	
Other	-	20	(20)	-	-	
Engineering	769	527	242	199	570	
Maintenance	7,418	6,537	880	204	7,213	11
Total	16,303	15,142	1,161	449	15,854	
Earnings Before Internal Cost Allocations	\$ 54,521	\$ 59,771	\$ 5,250	\$ 5,366	\$ 59,888	
Internal Revenue	158	106	(52)	-	158	
Internal Expenses	7,245	7,139	106	-	7,245	
	(7,087)	(7,033)	54	-	(7,087)	
Earnings Before Interest, Taxes and Amortization	\$ 47,434	\$ 52,738	\$ 5,304	\$ 5,366	\$ 52,800	
Interest Expense	(2,677)	(2,645)	32	15	(2,662)	
Amortization	(18,960)	(19,344)	(384)	(1,793)	(20,753)	12
Gain (Loss) on Disposal of Assets	-	(282)	(282)	-	-	13
Accretion of Asset Retirement Obligations	(45)	(1,143)	(1,098)	(1,553)	(1,598)	14
Net Earnings / (Loss)	\$ 25,753	\$ 29,325	\$ 3,572	\$ 2,035	\$ 27,788	
Unrealized Gain/Loss on Risk Management Instrument	-	(648)	(648)	(530)	(530)	15
Free Cash Flow (transfer (to)/from reserve)	(17,346)	(26,619)	(9,273)	(5,388)	(22,734)	16
Transfer to Capital	(22,075)	(22,075)	-	-	(22,075)	
Transfer to Reserves (expense)	-	(2,270)	(2,270)	-	-	17
Transfer from Reserves (revenue)	-	8,298	8,298	-	-	18
Net Earnings / (Loss) after Transfers	\$ (13,669)	\$ (13,989)	\$ (320)	\$ (3,883)	\$ (17,551)	

OPERATING NOTES

- Gain/Loss on Risk Management Instrument is -\$1.0M unfavourable due to the revaluation of carbon credits used to settle compliance obligations in the year.
- Sales to Power Pool are \$1.1M favourable due to favourable export opportunities as a result of grid demand. This is greater than projected in November due to additional export opportunities in December.
- Sales to Retail has a \$25.2M favourable variance due to price and volume. Price is favourable, resulting in \$23.9M more revenue. Volume is also favourable, resulting in \$1.3M more revenue.
- Sales are -\$10.4M unfavourable due to less third-party electricity sales resulting from outages that occurred from January to March and fewer Ancillary Services sales. This is more unfavourable than projected in November as a result of lower Ancillary Services sales in December due to a lower price than forecast.
- Payment in Lieu of Taxes (PILOT) is -\$692K unfavourable due to a 20% increase in net income subject to PILOT. This is more unfavourable than projected in November due to an increase from the projected pool sales in December.
- Transmission charges are -\$995K unfavourable due to increased export volumes plus higher than anticipated increases to supply transmission tariffs in 2025.

ELECTRIC GENERATION

For the Period Ended December 31, 2025

7. Carbon Tax expense is \$5.6M favourable due to optimization of the business unit's carbon credit portfolio by acquiring lower cost credits.
8. Transfer to Retail is \$23.3M due to large commercial and industrial volumes being paid to Electric Generation at the Rate of Last Return (ROLR) market rate which is higher than the budgeted transfer rate.
9. Fuel is \$12.2M favourable due to lower fuel prices and less fuel used. Natural gas prices were 32% lower than forecasted due to over-supply from producers, high storage levels, and several pipeline outages limiting takeaway capacity from Alberta. In addition, less fuel was used due to customer outages in the first quarter of the year.
10. Electric Energy Purchases are \$307K favourable due to less energy purchased from third parties. This is more favourable than projected in November due to less opportunities to purchase low cost energy in December.
11. Maintenance expenses are \$880K favourable due to position vacancies (\$460K), maintenance deferrals (\$1.1M) and inventory adjustments (\$650K), partially offset by unplanned maintenance (-\$1.3M). This is more favourable than projected in November due to yearend inventory adjustments.
12. Amortization Expense is -\$384K unfavourable due to amortization of Asset Retirement Obligation (ARO) Assets, partially offset by the timing of completion of capital projects. This is less unfavourable than projected due to the timing of completion of capital projects.
13. Loss on Disposal of Assets of \$282K due to unbudgeted asset write-offs.
14. Accretion of Asset Retirement Obligation is -\$1.1M unfavourable as a result of an ARO study resulting in an increased ARO liability. This is less unfavourable than the November projection of -\$1.6M due to a change in interest rate assumptions at yearend.
15. Unrealized Gain/Loss on Risk Management Instrument is -\$648K unfavourable due to unwinding prior periods unrealized gains into Gain/Loss on Risk Management Instrument as a result of the use of carbon credits on compliance filing and the revaluation of carbon credits held at yearend.
16. Free Cash Flow (transfer (to)/from reserve) is -\$9.3M unfavourable from budget, which is greater than budget and projection, due to more free cash flow being available to contribute.
17. Transfer to Reserves is -\$2.3M unfavourable at yearend due to maintenance revenue collected from a major customer restricted for future capital expenditures. This variance was not projected in November.
18. Transfer from Reserves is \$8.3M favourable as funds were returned to working capital for projects that were complete and under budget. This variance was not projected in November.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Fall outages were completed.
- Unit 14 deemed unserviceable, re-evaluated by second Original Equipment Manufacturer (OEM) borescope and deemed serviceable. Avoided early overhaul as a result.
- Unit 3R, Unit 10, & Unit 11 generator rotors arrived at site for Spring outages.

Planned Next Four Months

- Spring outage planning work wrapping up.
- Unit 16 core at depot for overhaul and conversion to Power Discharge.
- Capital project items arriving at site for spring outages.
- Reviewing new possible parts suppliers and service centres due to OEM supply chain issues.

ELECTRIC GENERATION

For the Period Ended December 31, 2025

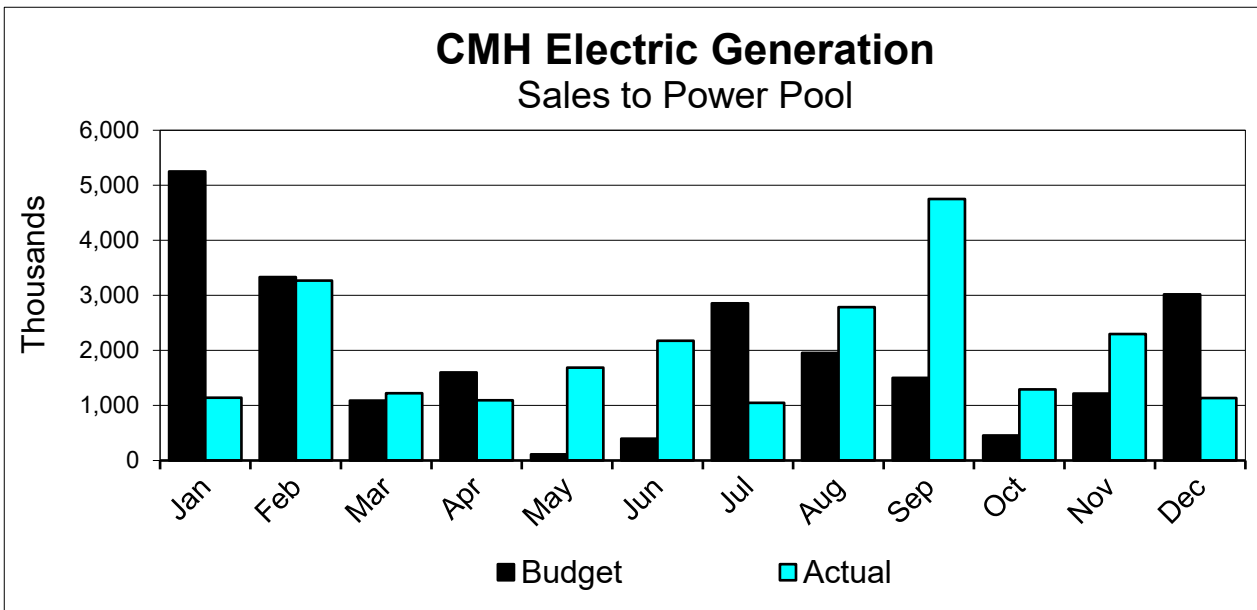
Report on Business Plan Goals

<p>Risk Based Asset Management Program</p> <p>Support the long-term sustainability of Electric Generation by managing assets through a risk-based approach. Providing a safe and reliable supply of electricity to the City of Medicine Hat residents and industrial customers. Maintaining our asset base infrastructure is key to meeting service level expectations and long-term profitability of the facilities. Infrastructure has a finite life that requires sustaining capital investments to extend and/or replace existing infrastructure to ensure service level reliability.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Asset Management plan for Electric Generation adjusted to fit within the current market cycle.2. Long term capital project to extend life of power generating assets completed.
<p>Continue to Improve Safety and Regulatory Compliance Management</p> <p>Improve Safety Culture and Performance and develop and internalize regulatory reporting requirements while improving non-compliances.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Ensure all work is done safely. Continue to ensure all near misses and incidents are entered into Prismatic and investigated as required, with proper corrective actions.2. Regular Joint Health and Safety meetings to continue with increased participation.
<p>Growth and Decarbonization Initiatives</p> <p>Electric Generation is one of the key departments in the development of new business opportunities that come to the City of Medicine Hat. It is also facing its own energy transition obligations and must appropriately prepare to ensure ongoing confidence in local electricity supply for existing and future industry.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Participation in due diligence work on Saamis Solar project continues until final council decision.2. Continued to analyze other non-carbon-based energy options and opportunities that may be suitable for Medicine Hat.
<p>Operational Excellence</p> <p>Ensure reliability with increasing city load the availability of Electric Generation assets will become even more critical; Financial returns – achieve an annual return on assets through contractedness or supply to energy markets; Successful construction of the new Residuals Plant on behalf of Environmental Utilities department.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Numerous capital projects in fall outage completed.2. Work with marketing and Alberta Electric Systems Operators (AESO) to understand new AESO rules from the Restructured Energy Market sessions when they are released in 2026.3. Optimized run times to take advantage of high price windows as available.4. Work to develop operational goals to increase efficiency and availability.
<p>Ensuring Success for the Future with a Focus on Our People</p> <p>Prioritizing people is key to long-term success. Investing in employees’ well-being, growth, and development will lead to incredible outcomes. When employees are valued and supported, they are more likely to contribute their best efforts and ideas.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Ensure succession plans are in place for department.2. Continue to work to improve efficiencies inter departmentally.3. Ensure all employees have development plans to provide opportunities for growth.

ELECTRIC GENERATION

For the Period Ended December 31, 2025

Report on Performance Measures



ELECTRIC DISTRIBUTION

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Distribution Sales	\$ 24,339	\$ 24,647	\$ 309	\$ 189	\$ 24,528	1
Operations	445	446	2	33	478	
Rechargeable	-	181	181	-	-	2
Total	24,783	25,275	492	222	25,005	
Expenses						
Administration	1,496	1,615	(119)	(150)	1,646	3
Operations	7,487	7,678	(191)	58	7,429	4
Engineering	1,723	1,192	532	550	1,173	5
Total	10,707	10,485	222	458	10,249	
Earnings Before Internal Cost Allocations	\$ 14,077	\$ 14,790	\$ 713	\$ 680	\$ 14,757	
Internal Revenue	2,529	2,658	129	171	2,701	6
Internal Expenses	6,820	6,510	311	266	6,555	7
	(4,291)	(3,851)	439	437	(3,854)	
Earnings Before Interest, Taxes and Amortization	\$ 9,786	\$ 10,939	\$ 1,153	\$ 1,117	\$ 10,903	
Interest Expense	(1,558)	(1,529)	30	57	(1,501)	
Amortization Expense	(5,912)	(5,838)	74	-	(5,912)	
Gain (Loss) on Disposal of Assets	-	(874)	(874)	-	-	8
Accretion of Asset Retirement Obligations	(70)	(122)	(52)	-	(70)	
Net Earnings / (Loss)	\$ 2,246	\$ 2,577	\$ 331	\$ 1,174	\$ 3,420	
Free Cash Flow (transfer (to)/from reserve)	(1,006)	(2,214)	(1,208)	(1,108)	(2,114)	9
Transfer to Capital	(3,983)	(4,388)	(405)	-	(3,983)	10
Transfer from (to) reserve	-	360	360	130	130	11
Net Earnings / (Loss) after Transfers	\$ (2,743)	\$ (3,665)	\$ (921)	\$ 196	\$ (2,547)	

OPERATING NOTES

- Distribution Sales are \$309K favourable due to higher than budgeted demand. This is greater than the projection in November due to unanticipated changes in demand.
- Rechargeable revenue is \$181K favourable due to unbudgeted third party funded projects. This amount was not projected in November as amount from third parties was unknown.
- Administration expenses are -\$119K unfavourable primarily due to unbudgeted employee benefits (-\$315K), partially offset by staff vacancies (\$248K).
- Operations expenses are -\$191K unfavourable due to end of year substation assessments. This is less than the \$58K favourable projection in November due to the unbudgeted ongoing substation assessments.
- Engineering expenses are \$532K favourable due to staff vacancies (\$263K) and staff time charged to capital (\$257K).
- Internal Revenue is \$129K favourable primarily due to an increased recovery of administration overhead due to the related increase in administration expenses.
- Internal Expenses are \$311K favourable due to positional vacancies in support departments and as a result, cost savings passed on via internal charges.
- Loss on Disposal of Assets of -\$874K unfavourable due to unbudgeted asset write-offs. Asset write-offs were not projected in November reporting.
- Free Cash Flow (transfer (to)/from reserve) is -\$1.2M unfavourable, which is greater than budget and projection, due to more free cash flow being available to contribute.
- Transfer to Capital is -\$405K unfavourable due to current year capital funding. This is greater than projected due to complete and over budget capital projects.
- Transfer from (to) reserve is \$360K favourable as funds were returned to working capital for projects that were complete and under budget. This is greater than the projected \$130K favourable variance in November due to additional projects completed under budget.

GAS DISTRIBUTION

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		NOTE
				to Dec 31/25 at Nov 30/25	to Dec 31/25 at Nov 30/25	
Revenue						
Distribution Sales	\$ 16,468	\$ 16,804	\$ 336	\$ (225)	\$ 16,242	1
Operations	-	3	3	2	2	
Engineering	-	3	3	3	3	
Rechargeable	-	104	104	99	99	2
Total	16,468	16,914	446	(122)	16,346	
Expenses						
Administration	176	8	168	158	18	3
Operations	2,015	1,999	16	50	1,965	
Engineering	1,264	1,282	(18)	(25)	1,289	
Rechargeable	4,503	4,134	369	592	3,912	4
Total	7,958	7,423	535	774	7,184	
Earnings Before Internal Cost Allocations	\$ 8,510	\$ 9,490	\$ 981	\$ 652	\$ 9,162	
Internal Revenue	18	157	139	102	121	5
Internal Expenses	3,963	3,987	(25)	(50)	4,012	
	(3,945)	(3,830)	114	53	(3,892)	
Earnings Before Interest, Taxes and Amortization	\$ 4,565	\$ 5,660	\$ 1,095	\$ 705	\$ 5,270	
Interest Expense	(722)	(655)	68	103	(619)	
Amortization Expense	(2,546)	(2,380)	167	-	(2,546)	6
Gain (Loss) on Disposal of Assets	-	(193)	(193)	-	-	7
Net Earnings / (Loss)	\$ 1,297	\$ 2,433	\$ 1,136	\$ 808	\$ 2,105	
Free Cash Flow (transfer (to)/from reserve)	(583)	(1,867)	(1,284)	(385)	(968)	8
Transfer to Capital	(1,798)	(1,849)	(51)	-	(1,798)	
Transfer from Reserves (revenue)	-	447	447	-	-	9
Net Earnings / (Loss) after Transfers	\$ (1,084)	\$ (837)	\$ 247	\$ 423	\$ (661)	

OPERATING NOTES

- Distribution Sales are \$336K favourable due to increased consumption. This is more favourable than the -\$225K unfavourable projection in November due to December demand.
- Rechargeable revenue is \$104K favourable due to unbudgeted third party funded operating projects.
- Administration expenses are \$168K favourable due to unutilized contracted services as a result of a position vacancy during 2025.
- Rechargeable expenses are \$369K favourable due to lower gas transportation contract expenses. This is less favourable than projected due to increased consumption in December.
- Internal revenue is \$139K favourable due to recoveries from Electric and Environmental Utilities related to Alberta One Calls.
- Amortization Expense is \$167K favourable due to timing of completion of capital projects.
- Loss on Disposal of Assets of -\$193K due to unbudgeted asset write-offs. Asset write-offs were not projected in November reporting.
- Free Cash Flow (transfer (to)/from reserve) is -\$1.3M unfavourable, which is greater than budget and projection, due to more free cash flow being available to contribute.
- Transfer from Reserves is \$447K favourable as funds were returned to working capital for projects that were complete and under budget. This is greater than the projection in November due to additional projects completed under budget.

UTILITY DISTRIBUTION SYSTEMS

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Isolated the pipeline at the Seven Persons Creek crossing in preparation for future repair work.
- Completed all 2025 capital gas pipeline replacement projects.
- Continued preventative maintenance and inspections across gas infrastructure to support safe and reliable operations.
- Updated Gas Distribution standards to align with current codes and modern material requirements.
- Received Alberta Utilities Commission (AUC) for the 30L & 40L transmission line replacement which is part of the southeastern electrical transmission ring.
- Phase one of the Electric Substation Asset Registry and Assessment project is nearly complete, providing critical data to support future decision-making.
- Most tap changer servicing and all of the end-of-life bushing replacement projects are complete for Electric Substations.
- 700 critical residential electric revenue meters have been received and passed acceptance testing and replaced most contingency units affected by prior supply chain delays.
- 100 commercial electric revenue meters are received and undergoing acceptance testing.
- In collaboration with City stakeholders, efforts are underway to enhance system performance and communication for smart electric revenue meters with learnings from recent and ongoing training.
- Completed the 2025 phase of the Distribution Overhead System Renewal capital program, with crews replacing end-of-life electric distribution transformers, aging underground electric feeder cables, and switching cubicles to ensure reliable and sustainable service in congested utility corridors. All work was completed in compliance with regulations and best practices, with no line strikes on other utilities—demonstrating strong planning, coordination, and customer impact mitigation while reducing the risk of future unplanned electric outages.
- Completed the 2025 Distribution Overhead System Renewal work that included electric pole replacements based on asset assessments, overhead transformer replacements, conductor upgrades transitioning from legacy copper to aluminum conductor steel reinforced (ACSR), and ongoing replacement of aging overhead electric switches to improve reliability.
- Completed annual electric system inspections, routine maintenance, fire-proofing, and risk-mitigation work, including life-extension activities and vegetation management to reduce tree-related outages and maintain regulatory compliance.
- Responded to an increasing number of electric cable-theft incidents, which created safety risks to both the public and the electric distribution system.
- Electric trouble-response crews managed 463 customer callouts, with 51% occurring after hours, ensuring timely response and maintaining customer first focus.
- Completed 2,889 electric utility locates and delivered 278 safety orientations for personnel working near energized electric facilities.
- Connected 77 new residential electric services, representing a 45% increase from 2024, and connected 46 new commercial electric services, an 18% increase over the previous year.
- Completed 61 residential electric service upgrades, reflecting a 36% reduction from 2024 due to lower customer demand.

Planned Next Four Months

- Ongoing preventative maintenance and emergency response activities to support safe and reliable gas system operations.
- Initiating 2026 Gas Distribution system upgrade projects, including pipeline replacements and reinvestment work.
- Securing annual approval of the Gas Distribution Quality Management Program with the Alberta Rural Utilities.
- Completing revisions to the Gas Distribution Emergency Response Program based on findings from the recent mock exercise.
- Completing the 2026 Gas Distribution staff competency and training program for all field personnel.
- Advancing the next phase of the Electric Substation Assessment to address and resolve drawing deficiencies.
- Launching five-year circuit breaker maintenance program in October; work continues through yearend.
- Ongoing inspections, maintenance, vegetation management and work beginning on the 2026 Distribution Overhead & Underground System Renewal plan across the service territory.
- Strengthening safety compliance and training for all third-party activities near power lines, with an enhanced focus on internal electric competency development to ensure regulatory compliance and equip staff with the tools and knowledge required for the safe execution of all work.
- Ongoing design for the electric substation in the southwest of Medicine Hat.
- Complete the annual updates to the Electric Distribution load study and electric transmission study.

UTILITY DISTRIBUTION SYSTEMS

For the Period Ended December 31, 2025

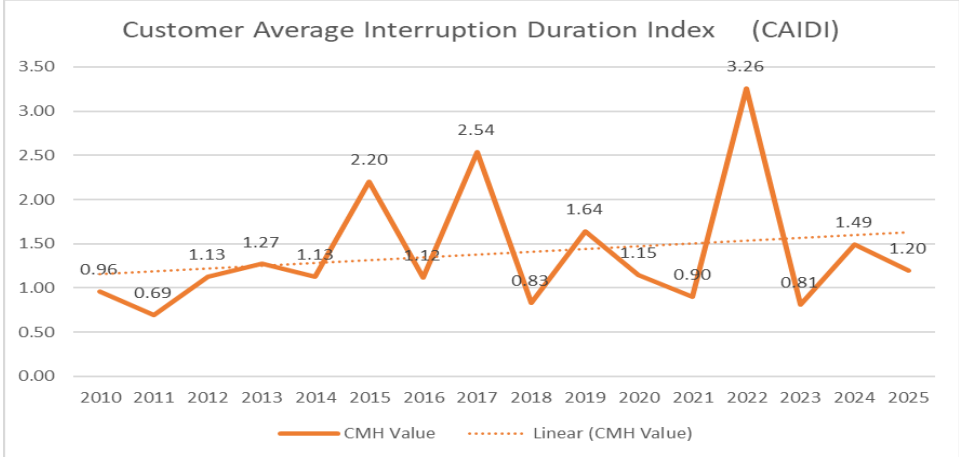
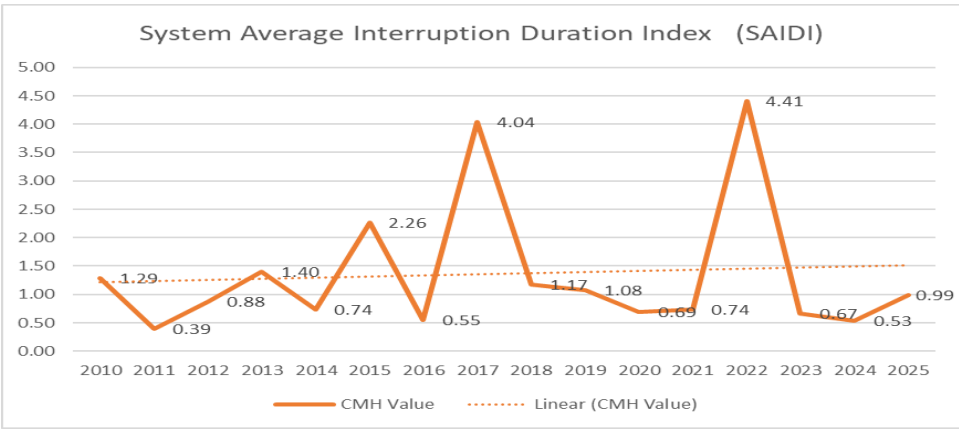
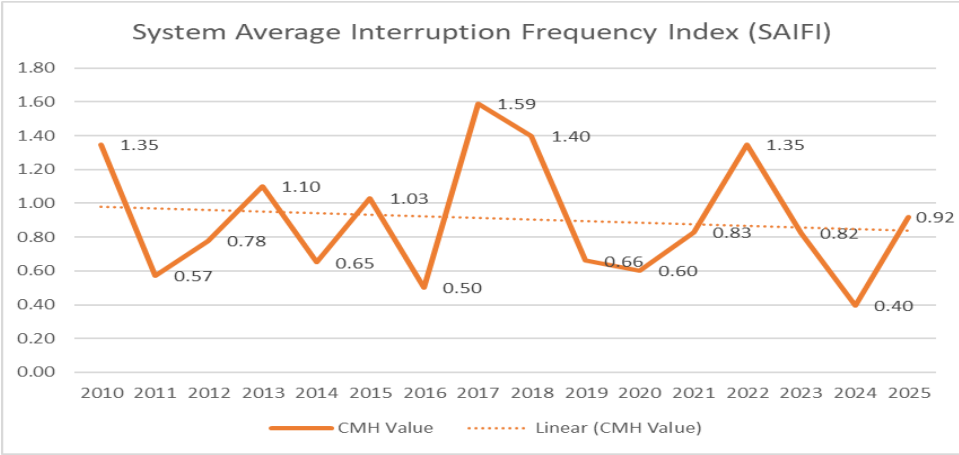
Report on Business Plan Goals

<p>Sustainable Infrastructure</p> <p>Providing safe, reliable, cost-effective, and well-maintained infrastructure is key to meeting service level expectations and long-term viability of the department. Infrastructure has finite life that requires investments to maintain, extend the useful life, and/or enhance capabilities which meet evolving service level expectations while achieving long term reliability, regulatory compliance, environmental, and fiscal sustainability.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Secured Alberta Utilities Commission approval at the preferred site for Medicine Hat Southwest Substation. Detailed design at 60% complete.2. Secured Alberta Utilities Commission approval for the 60L portion of the East Ring Enhancement project.3. Secured Alberta Utilities Commission approval for the 30L and 40L East Ring Enhancement project.
<p>Operational Excellence</p> <p>Providing dependable, and cost-effective services are crucial to the well-being and quality of life for customers. Therefore responsible, and sustainable provision of those services is of paramount importance. This model ensures the department strives for industry-competitive performance in all areas of accountability reinforcing value to the ratepayers.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Participated in 100% of Alberta Safety Codes Electrical Utilities Sub-Council meetings, contributing to the review, development, and recommendation of safety codes, standards, and principles for Alberta’s electric utility sector, and engaging in ongoing discussions related to the evolution and future revision of the Alberta Electrical Utility Code.2. Chaired the Alberta Electric Utility Safety Association through 2025, advancing its goal of improving worker and public safety through consistent safety practices, industry-wide learning, and best-practice standards, while helping modernize the association and broaden its reach across all utilities.3. Completed updates to the Microgeneration / Distributed Energy Resource (DER) Guide for Interconnection to include Inverter based connection protocol for DER’s.4. Continued to meet all targets in the Quality Management Plan (QMP) for electrical safety code inspections of system upgrades and new asset installations, ensuring regulatory compliance, improving processes, and enhancing communication and clarity for stakeholders.5. Completed the annual Quality Management Plan review and approval for the Gas Distribution System with the Alberta Rural Utilities (ARU).6. Gas Distribution has 4 outstanding meters to replace for the cyclic meter replacement program.7. Gas Distribution has completed the 2025 Annual Leak Survey.8. Gas Distribution has completed the following preventative maintenance: 263 curb stop inspections, 867 pipe to soil surveys, 240 station inspections, 221 odorant reads, 187 inside regulator inspections, 169 rotary meter inspections, 92 rectifier inspections, 37 gas samples, etc.
<p>Technological Evolution</p> <p>Utility Distribution Systems operates within a rapidly evolving technological and regulatory environment which is experiencing notable change as part of a global transition to lower carbon intensity technologies. The adoption of new techniques and technologies, while considering prudent business analysis, ensures long term sustainable services. Significant opportunities can be realized through leveraging technological advancements while partnering with other industry or municipal experts to ensure services are maintained to industry standards while maintaining cost competitiveness.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Awarded Round 2 Energy Innovation Challenge projects in partnership with Decentralized Energy Canada.2. For the 2025 Annual Leak Survey, mobile technology was used, allowing for a significant decrease in time required to complete the survey – while maintaining accuracy.

UTILITY DISTRIBUTION SYSTEMS

For the Period Ended December 31, 2025

Report on Performance Measures



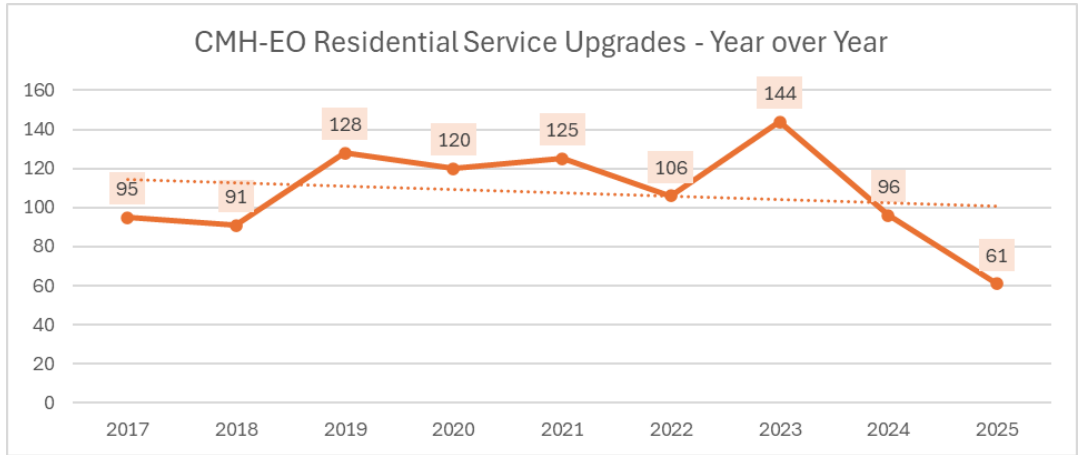
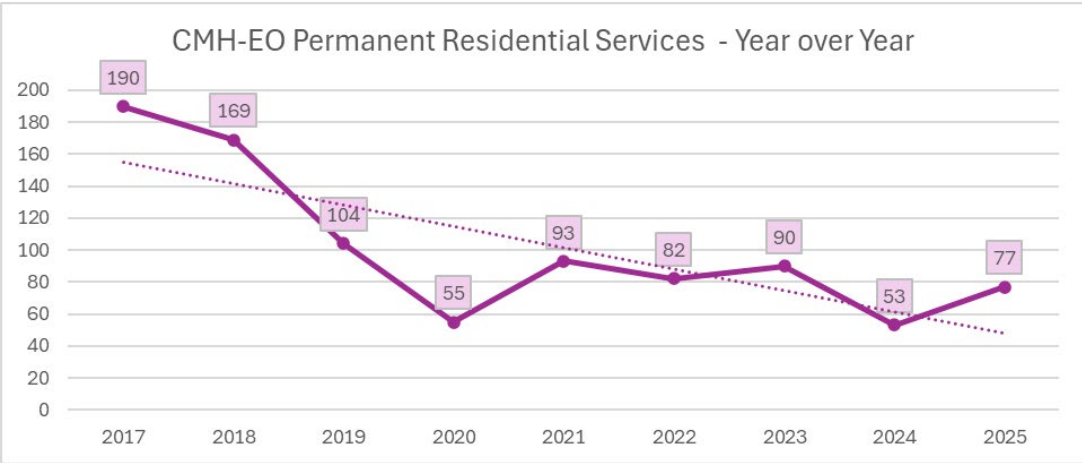
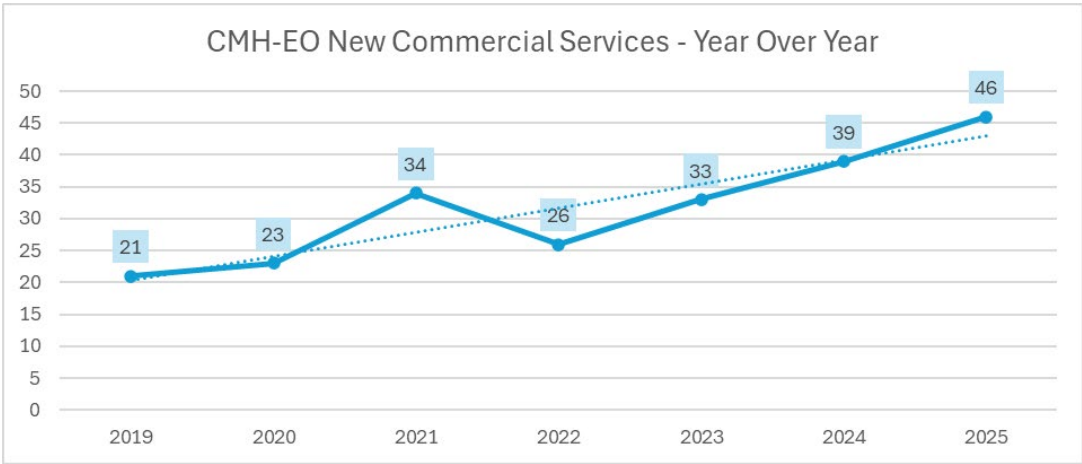
SAIFI (System Average Interruption Frequency Index) = the total number of customer interruptions per year divided by total number of customers served.

SAIDI (System Average Interruption Duration Index) = the total customer-hours of interruptions per year divided by the total number of customers served.

CAIDI (Customer Average Interruption Duration Index) = the total customer-hours of interruptions per year divided by the total number customer interruptions.

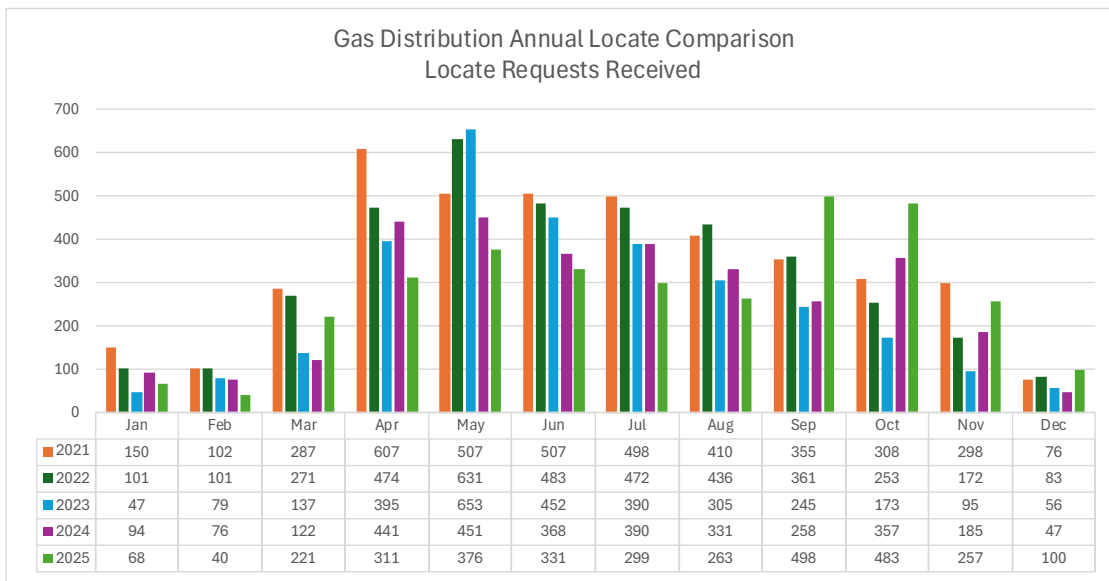
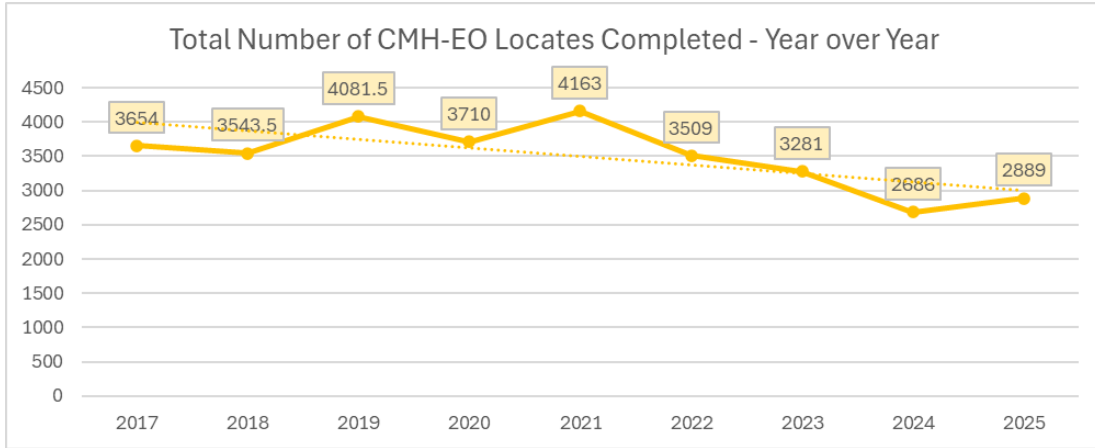
UTILITY DISTRIBUTION SYSTEMS

For the Period Ended December 31, 2025



UTILITY DISTRIBUTION SYSTEMS

For the Period Ended December 31, 2025



ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Gas Average Daily Volume (mcf/d)	10,180	8,638	(1,543)	(1,547)	8,633	
Gas Sales Volume (mcf)	3,715,806	3,152,749	(563,057)	(564,724)	3,151,081	
Spot Gas Price (\$/mcf)	\$2.71	\$1.74	(\$0.97)	(\$0.88)	\$1.84	
Oil Daily Volume (bbl/d)	8	11	4	-	8	
Oil Sales Volume (bbl)	2,907	3,924	1,017	-	2,907	
Oil Price (\$/bbl)	\$85.14	\$78.68	(\$6.46)	(\$5.14)	\$80.00	
Sales						
Gain/Loss on Risk Management Instrument	-	(118)	(118)	-	-	
Gas Sales from Production	\$ 10,085	\$ 5,488	\$ (4,598)	\$ (5,013)	\$ 5,072	1
Oil Sales	248	309	61	-	248	
Sales of Purchased Gas	32,907	23,253	(9,654)	(10,907)	22,000	2
Total	43,240	28,932	(14,308)	(15,920)	27,320	
Cost of Sales						
Transportation	638	402	236	-	638	
Gas Purchases	32,907	25,831	7,076	9,407	23,500	2
Carbon Tax	-	121	(121)	(121)	121	
Transfer (from) to Retail	(7)	(601)	594	332	(339)	3
Total	33,538	25,753	7,785	9,618	23,920	
Gross Margin	9,702	3,179	(6,523)	(6,302)	3,400	
Revenue						
Other Sales & Services	89	571	482	369	458	4
Royalties	(156)	(160)	(4)	-	(156)	
	(67)	411	478	369	302	
Expenses						
Administration	1,755	1,715	40	159	1,596	
Operations & Maintenance	10,666	9,520	1,146	1,259	9,407	5
	12,421	11,235	1,186	1,418	11,003	
Earnings Before Internal Cost Allocations	\$ (2,787)	\$ (7,646)	\$ (4,859)	\$ (4,515)	\$ (7,302)	
Internal Expenses	3,830	3,303	527	511	3,319	6
	(3,830)	(3,303)	527	511	(3,319)	
Earnings Before Interest, Taxes and Amortization	\$ (6,617)	\$ (10,949)	\$ (4,332)	\$ (4,004)	\$ (10,621)	
Interest Expense	(491)	(491)	-	-	(491)	
Transfer to Capital	-	61	61	-	-	
Depreciation/Depletion/Accretion	(12,791)	(12,134)	656	1,232	(11,559)	7
Gain (Loss) on Disposal of Assets	-	3,317	3,317	3,245	3,245	8
Impairment of Assets	-	5,434	5,434	-	-	9
Net Earnings / (Loss)	\$ (19,899)	\$ (14,762)	\$ 5,137	\$ 473	\$ (19,426)	
Free Cash Flow (transfer (to)/from reserve)	7,108	7,171	63	765	7,873	10
Net Earnings / (Loss) after Transfers	\$ (12,791)	\$ (7,591)	\$ 5,199	\$ 1,238	\$ (11,553)	

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended December 31, 2025

OPERATING NOTES

1. Gas sales from production are -\$4.6M unfavourable mainly because natural gas prices were much lower than expected throughout the year. Prices dropped due to pipeline capacity constraints, warmer-than-normal winter weather that reduced heating demand, and higher overall gas supply. Production volumes were also affected by extreme cold earlier in the year, planned plant maintenance, and a required inspection of a major 20-inch sales line in September, which reduced output by about 135,000 mcf, with another 51,000 mcf reduced due to plant shutdowns. While accounting timing differences make reported volumes appear lower, actual receipt volumes were closer to 3.5 million mcf, resulting in an estimated variance of 177,000 mcf. Higher-than-expected production in December helped improve results, but not enough to offset the impact of low prices and limited pipeline capacity.
2. Sales of Purchased Gas are offset by Gas Purchases and represents additional gas purchases and sales performed by Marketing to cover local demand not met by produced gas. Sales of Purchased Gas are -\$9.7M unfavourable due to lower natural gas price as a result of Natural Gas Transmission Lines (NGTL) pipeline system which experienced significant curtailments during summer. Gas Purchases are \$7.1M favourable due to lower natural gas price. The variance is more favourable than projected for Sales of Purchased Gas by \$1.2M due to improved volumes in December, which affects the variance to projected for Gas Purchases making it less favourable by -\$2.3M. The difference between purchases and sales is largely due to transport costs being included for gas purchased from direct sources that equate to roughly \$1.9M in 2025.
3. Transfer from Retail is \$594K favourable due to the gas supply differential between the cost of gas supplied by Gas Production (Alberta Energy Company 5A) and the revenue received for the sale of gas from Gas Retail (average energy rates). The variance was more favourable than projected mainly due to the favourable price variance for Gas Retail's Cost of Purchased Gas.
4. Other Sales & Services is \$482K favourable primarily due to higher transportation revenue from third parties (\$132K), royalty revenue (\$130K), road usage income (\$79K), overhead recoveries (\$76K) and gas gathering and processing income (\$14K).
5. Operations & Maintenance is \$1.1M favourable mainly due to lower surface lease rental costs (\$1.0M), as a result of completed reclamations and timing, and lower property taxes (\$220K).
6. Internal Expenses are \$527K favourable mainly due to lower than budgeted Gas Production support costs from Energy Marketing and Business Analysis (\$413K), and lower than budgeted utility costs (\$81K).
7. Depreciation/Depletion/Accretion is \$656K favourable to budget due to the below:
 - a. Depreciation is \$820K favourable to budget due to lower overall amortization of Asset Retirement Obligation (ARO) Assets as a result of lower net book value of ARO Assets.
 - b. Depletion is \$196K favourable to budget due to lower depletion rates in the Northeast and Medicine Hat Cash Generating Units (CGUs).
 - c. Accretion is -\$360K unfavourable to budget due to higher Accretion of the ARO Liability for Medicine Hat, Northeast and Sandhills fields than was budgeted.

Depreciation/Depletion/Accretion is -\$576K less favourable than projected mainly due to higher depletion in the Medicine Hat and Northeast CGUs calculated at yearend.
8. Gain (Loss) on Disposal of Assets is \$3.3M favourable due to sale of Gas Production assets. Asset disposals were not projected in November reporting.
9. Impairment of Assets is \$5.4M favourable as a result of the carrying value of the oil and gas assets being written up. The primary contributors to the write up in 2025 are the Medicine Hat and Queenstown CGUs. Impairment of Assets was not projected in November as amount is unknown until yearend.
10. Free Cash Flow (transfer (to)/from reserve) is \$7.2M to fund cash requirements in 2025. This is less favourable than projected due to less cash required to sustain operations.

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continued with operation and pursuing efficiencies in equipment maintenance and gas well production.
- Surface Casing Vent Flow repair efforts continue in preparation to eventually proceed to abandonment.
- Abandonment work and reclamation work continues in pursuit of reclamation certificate approvals.
- Facility Abandonments for all non operating facilities are complete and have been handed to Environment for reclamation.

Planned Next Four Months

- Continue with operation plant maintenance and optimization of gas wells.
- Continue execution of well and pipeline abandonments.
- Continue reclamation activities in abandoned oil and gas fields.

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Operational Excellence</p> <p>Providing dependable, and cost-effective services are crucial to the well-being and quality of life for customers. Therefore, responsible and sustainable provision of those services is of paramount importance. This model ensures the department strives for best-in-class performance in all areas of accountability reinforcing value to the ratepayers and taxpayers.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Ongoing optimization of existing gas production assets, including identification of potential recompletion opportunities with the objective of reducing field decline rates. Field decline rate reduction efforts continue to include pursuing wellbore optimization opportunities, station inlet pressure reduction and close monitoring, and completion of required maintenance overhauls and turnarounds to minimize downtime.2. Continue ensuring robust cost control and tracking of operational expenditures in support of corporate fiscal responsibility objectives.3. Compressor and Facility site demolition continued through the 2025 year resulting in eight sites being cleaned up for reclamation.
<p>Safety & Employee Wellness</p> <p>Gas Production is accountable for areas with high safety risk potential. Employees, and the public, shall always be protected. The department shall ensure respectful, environmentally responsible, operations throughout all areas of accountability. The department values collaborative engagement seeking appropriate mitigation of risk to its employees, the public, and the environment.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Ongoing review of department safety systems to ensure compliance with the City of Medicine Hat Safety Management System. Initiated review of hazard assessments, safety inspections, incident investigations, standard operating procedures, and emergency response procedures.2. Ongoing and scheduled regular inspections of worksites, in collaboration with its employees, with an objective of continuous improvement to ensure compliance with all Occupational Health and Safety regulations.3. Reviewing competency training of our employees to ensure ongoing competency of staff in compliance with all Occupational Health and Safety regulations.4. Ongoing scheduling of training opportunities which support general employee wellness via collaborative discussions with employees within cyclical safety meetings.5. Completed update and required training for revised Emergency Response Plan for Alberta Energy Regulator (AER) compliance. Completion of emergency incident response practice in Q1 2025 was achieved utilizing internal corporate resources.
<p>Innovation</p> <p>Environment, Land & Gas Production operates within a rapidly evolving technological and regulatory environment which is experiencing significant change as part of a global energy transition movement. The adoption of new techniques and technologies, while considering prudent business analysis, ensures long term sustainable services. Significant opportunities can be realized through leveraging technological advancements while partnering with other industry or municipal experts to ensure services are maintained to industry standards while maintaining cost competitiveness.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Participated in the development of the Environmental Framework as a stakeholder in cooperation with other departments, within the Corporate Boundary of Medicine Hat which align with the City Council strategic objectives.2. The City's carbon capture pore space assessment project was successfully transferred to a third party who continues to actively progress the project and provides the City with regular updates (two wells were drilled and technical assessment continues).3. A total of one hundred and twenty-nine reclamation certificates were achieved in 2025. In addition to wellsite reclamation, eight facility sites were cleaned up and transferred to the environment group for the first phase of reclamation.

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended December 31, 2025

SAFETY, ENVIRONMENT & REGULATORY

January to December Notes

Safety, Environmental & Regulatory - T1, T2 & Year-End Report

Key Performance Indicators	Goal	T1	T2	T3	Total	2024	
Lost Time Incidents	0	✓0	✓0	✓0	✓0	0	✓0
Preventable Vehicle Incidents	0	✓0	✓0	✓0	✓0	0	✓0
High Risk Environmental Incidents	0	✓0	✓0	✓0	✓0	0	✗2
High Risk Regulatory Incidents	0	✓0	✗1	✓0	✗1	1	✓0

A glycol spill at the Northeast plant site. The amount spilled was under the technical reporting limit but still reported to the AER. The spill was cleaned up and is being tested to see if further remediation is needed.

Definitions

- Lost Time Incident – a lost workday occurs when the injured staff is unable to perform any regular or restricted work duties on any day after the day on which the injury occurred.
- Preventable Vehicle Accident – when everything reasonably practicable to prevent an accident was not done.
- High Risk Incident – as defined by the governing bodies in Alberta and Saskatchewan.

Sales Volume	Approved Budget	Actual	Variance
Natural Gas (mcf/d)	10,180	8,638	-15%
Oil (bbl/d)	8	11	35%
Total (boe/d)	1,705	1,450	-15%

Notes

The variance forecast in Natural Gas production was due to winter freeze offs from extremely low temperatures and due to shutdowns for plant turn arounds and equipment overhauls. No significant variance in Oil production forecast.

Definitions

- Boe/d – barrels of oil equivalent per day with natural gas converted at 1:6 ratio.
- Oil Fields – actuals include Queenstown.

Operating Excellence	Approved Budget	Actual	Variance
Admin Costs (\$/boe)	\$2.82	\$2.76	2%
NG Lifting Costs (\$/mcf)	\$1.55	\$1.84	-16%
Oil Lifting Costs (\$/bbl)	\$43.64	\$54.98	-21%
Carrying Cost per ARO Site (\$/Site)	\$2,334	\$1,926	21%

Notes

Variance in lifting costs for Oil is due to abandonment of Countess well site. No other significant variances to report.

Definitions

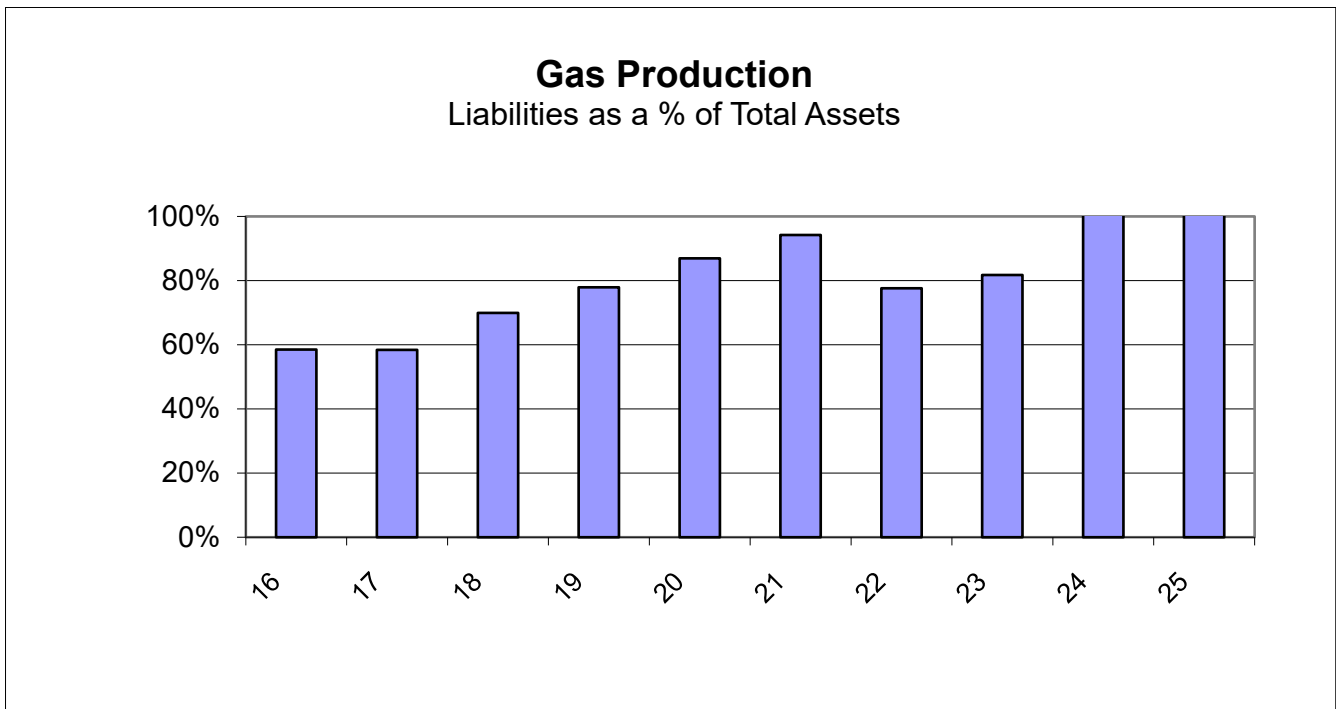
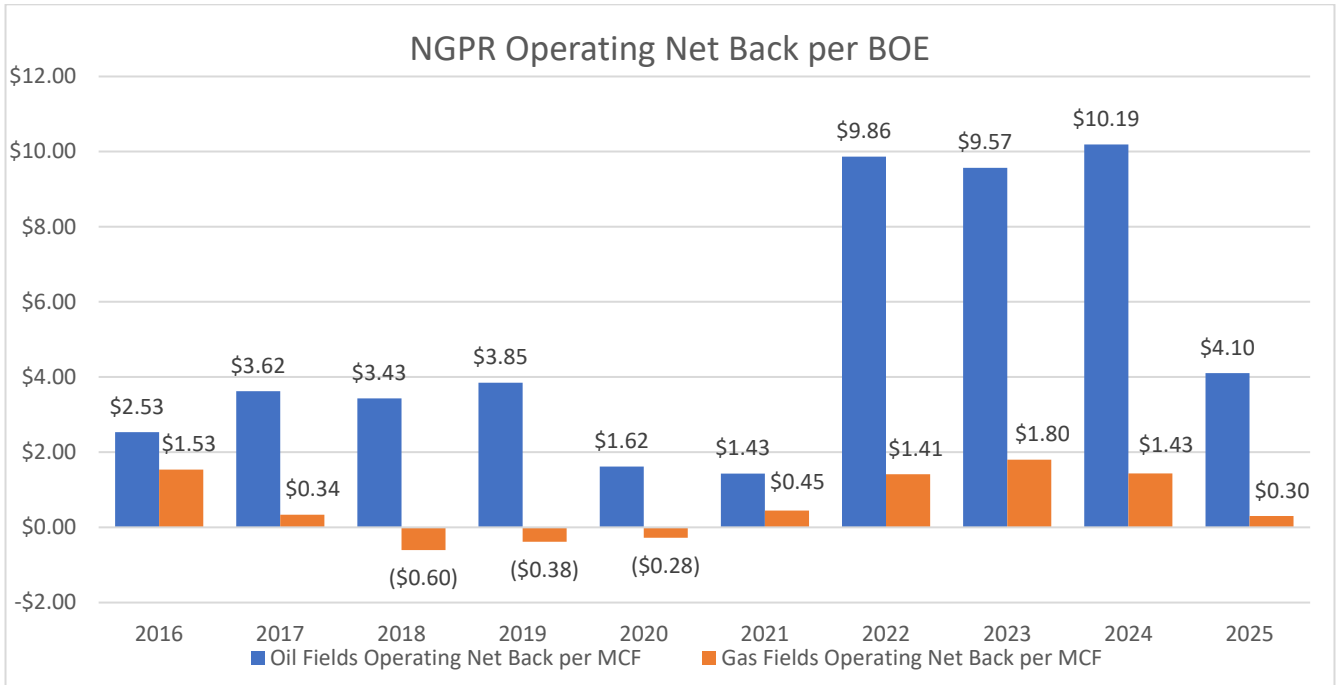
- Lifting Cost – the costs to operate/maintain wells, related equipment and facilities for oil and gas produced by the latter after the hydrocarbons have been found/acquired and developed for production.

A & R Program T3

Reclamation Certificates	YTD
Sites to Closure	129

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended December 31, 2025



ENVIRONMENT, LAND & GAS PRODUCTION - LAND

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Sales						
Residential Land Sales	\$ 3,029	\$ 5,637	\$ 2,608	\$ 2,768	\$ 5,797	1
Commercial Land Sales	250	547	297	297	547	2
Total	3,279	6,184	2,905	3,065	6,344	
Cost of Sales						
Residential Land Sales	2,458	4,957	(2,499)	(2,704)	5,162	3
Commercial Land Sales	521	540	(19)	(19)	540	
Total	2,979	5,497	(2,518)	(2,723)	5,702	
Gross Margin	300	686	387	342	642	
Revenue						
Operations	844	827	(17)	16	860	
Other	3	-	(3)	(3)	-	
Total	847	827	(20)	13	860	
Expenses						
Administration	851	802	49	99	752	
Operations	250	415	(166)	(145)	395	4
Other	130	21	109	105	25	4
Total	1,230	1,238	(8)	58	1,172	
Earnings Before Internal Cost Allocations	\$ (83)	\$ 275	\$ 359	\$ 413	\$ 330	
Internal Revenue	130	130	-	-	130	
Internal Expenses	870	875	(5)	(9)	879	
	(740)	(745)	(5)	(9)	(749)	
Earnings Before Interest, Taxes and Amortization	\$ (824)	\$ (470)	\$ 353	\$ 405	\$ (419)	
Interest Expense	(4)	(4)	-	-	(4)	
Amortization	(308)	(321)	(13)	1	(307)	
Write-up of Assets	-	37	37	-	-	
Net Earnings / (Loss)	\$ (1,136)	\$ (758)	\$ 378	\$ 405	\$ (730)	
Free Cash Flow (transfer (to)/from reserve)	(2,103)	(5,082)	(2,979)	2,507	404	5
Net Earnings / (Loss) after Transfers	\$ (3,239)	\$ (5,840)	\$ (2,601)	\$ 2,912	\$ (326)	

OPERATING NOTES

- Residential Land Sales are \$2.6M favourable due to 52 lots being sold in 2025, while only 17 lot sales were budgeted (\$3.2M), offset by a budget oversight which was corrected in the 2026 budget update (-\$576K). The yearend variance is -\$160K less favourable than projected due to the sale of 2 projected lots not closing until January 2026.
- Commercial Land Sales are \$297K favourable due to the sale of 2 commercial lots to date, while only 1 was budgeted for.
- Residential Cost of Sales are unfavourable -\$2.5M due to 52 lots being sold in 2025, while only 17 lot sales were budgeted (-\$2.7M), offset by a budget oversight which was corrected in the 2026 budget update (\$195K). The yearend variance is \$205K less unfavourable than projected due to the sale of 2 projected lots not closing until January 2026.
- Operations expenses are -\$166K unfavourable due to unbudgeted hazardous materials removal and demolition costs for 770 1st Street SW. This unfavourable variance is offset by the favourable variance in other expenses caused by underspending in contracted services to cover the demolition costs (\$109K).
- Free Cash Flow (transfer (to)/from reserve) is -\$3.0M unfavourable, which is greater than budget and projection, due to more free cash flow being available to contribute. The projected free cash flow did not take into consideration the removal of cost of goods sold in the yearend calculation.

ENVIRONMENT, LAND & GAS PRODUCTION - LAND

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continuation of single-family residential lot sales in Saamis 7, Ranchlands, and Southlands to multiple builders. All single-family lots are under contract.
- Continuation of the review of leased City-owned lands to align with current market conditions and bringing lease agreements up to date.
- Continuation of sales agreements for:
 - Three multi-family properties: the purchasers are progressing on their condition's precedent.
 - One commercial property: the purchaser is advancing on their due diligence and conditions precedent.
 - Two land sales: the purchasers are advancing on their due diligence and conditions precedent.
- Closed on the sale of a multi-family property located at 849 2 Street SE.
- Closed on the sale of a former City owned commercial building, located at 1002 South Railway Street SE.
- Completed a reset of the land development capital budget.
- Completed demolition of a vacant building located at 770 1 Street SW.
- Promotion and marketing of existing land inventory through targeted online marketing efforts for multi-family properties and commercial land at the Airport.

Planned Next Four Months

- Continuation of marketing efforts of commercial land, multi-family land, and infill properties.
- Continue managing existing sales agreements and conditions precedent.
- Complete rebranding and refresh the marketing efforts for commercial land at the Airport.
- Continue implementing initiatives from the Land Strategy:
 - Provide Sale and Acquisition Report for 2025, outlining sales/acquisition approved by administration.
 - Review and bring to market 3-5 infill properties that align with the strategy.
 - Begin review of the Lease and License Policy.
- Continue supporting internal City departments for utility right of way registrations, land registration clean-up, and future land requirements.
- Support land donation requests through the Capital Grant Process.
- Finish winter maintenance on land inventory, transition to summer maintenance activities.

Report on Business Plan Goals

Land Strategy

Lead in the creation and implementation of an overarching land strategy to inform acquisition, development, management, marketing and selling of City owned land inventory. The land strategy is to provide overarching guidance to effectively manage and optimize the City's land asset and will include a focus on sustainability through an underutilized land development strategy. Underutilized land redevelopment encourages infill development, environmental remediation, and community revitalization which in turn, establishes a larger municipal tax base and increases utilization of municipal infrastructure. Redeveloped underutilized lands are often more attractive, have higher property values, present less risk of environmental harm to adjacent properties, and contribute to the economic, environmental, and social health of the community.

PROGRESS

1. The Land and Real Estate Strategy was presented to Council at the Committee of the Whole meeting on May 26, 2025, and accepted as information at the Council meeting on June 2, 2025. The Land and Real Estate Strategy provides a 5-year outlook on the departments strategic direction and priorities to manage, identify, design, build, market, and sell residential, commercial, and industrial City owned lands.
 - a. The guiding principles include: (1) data driven decision making, (2) collaboration and strategic focus, (3) economic, environmental, and social factors, and (4) customer service and operational excellence.
 - b. The strategic priorities and goals are: (1) leverage the land and real estate portfolio to create value, (2) be adaptable to land development opportunities, and (3) lead with proactive marketing and sales.
2. The land capital budget was reset at the end of 2025 to align with the strategy.

ENVIRONMENT, LAND AND GAS PRODUCTION – TAX SUPPORTED

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Environmental Strategy Administration	\$ 398	\$ 360	\$ (38)	\$ (28)	\$ 370	
	398	360	(38)	(28)	370	
Expenses						
Environmental Strategy & Compliance	921	902	19	30	891	
Land & Properties	388	399	(11)	(27)	415	
Environmental Strategy Administration	1,213	895	318	194	1,019	1
	2,522	2,196	326	197	2,325	
Net Surplus (Deficit) before Internal Cost Allocations	(2,124)	(1,836)	288	169	(1,955)	
Internal Revenue	1,449	1,449	-	-	1,449	
Internal Expenses	367	375	(8)	(7)	374	
	1,082	1,074	(8)	(7)	1,075	
Net Surplus (Deficit) before Cash Adjustments	(1,042)	(762)	280	162	(880)	
Interest Expense	-	(36)	(36)	(18)	(18)	
Transfer to One-time Expenses and Initiatives	(325)	(325)	-	-	(325)	
Transfer (to)/from Reserve	100	(85)	(185)	(164)	(64)	2
Net Cash Surplus (Requirements)	\$ (1,267)	\$ (1,208)	\$ 59	\$ (20)	\$ (1,287)	

OPERATING NOTES

- Environment Strategy Administration expenses are \$318K favourable due to lower than budgeted Hat Smart expenses as a result of lower than expected program utilization (\$223K), lower than budgeted contaminated sites spending (\$23K), and unutilized other contracted services (\$58K). This favourable variance is \$124K more favourable than projected due to lower than budgeted Hat Smart expenses from customers not submitting their project completion requirements prior to yearend close.
- Transfer (to)/from Reserve is -\$185K unfavourable due to lower than budgeted Hat Smart expenses resulting in a net profit for the program, which resulted in an allocation to the Nature's Best Reserve.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continued execution and management of Hat Smart program and the City's Clean Energy Improvement Program (CEIP).
- Continued environmental site assessments as part of the City's contaminated site management program.
- Continued to support operating departments with technical environmental advice and consultant management on environmental releases, construction projects, operational issues, development applications and land and property transactions.
- Applied for and received award of grant funding for the City's Water Management and Adaptation Strategy project through the Federation of Canadian Municipalities (FCM) Green Municipal Fund.
- Awarded the development of the City's Water Management and Adaptation Strategy to WaterSMART Solutions. Initiated the project with consultant and internal project team member.
- Applied for additional grant funding of the Water Management and Adaptation Strategy through Results Driven Agriculture Research.
- Went live with a new portal for community and stakeholder environmental project/initiative proposal submissions for review and collaboration with the City departments.

ENVIRONMENT, LAND AND GAS PRODUCTION – TAX SUPPORTED

For the Period Ended December 31, 2025

Planned Next Four Months

- Continued development of the City’s Water Management and Adaptation Strategy including stakeholder and public engagement.
- Increase project budget with a request to Council following all grant funding decisions.
- Kick off the 2026 Hat Smart program with program efficiencies and updates.
- Development and formalization of a Contractor Environmental Responsibilities package for contractors working on City projects.
- Development and formalization of procedures for environmental release response and reporting procedures for City departments to ensure regulatory compliance.
- Continue corporate environmental support for projects and operations and conduct site visits during construction season.
- Continued management of remediation and reclamation of the City’s abandoned Gas Production assets.

Report on Business Plan Goals

Environmental Leadership

The team will drive formalization of corporate environmental processes and strategies (towards creation of an environmental management system) and lead the implementation of a strategic Environmental Framework that will serve as a cohesive overarching strategy to provide guidance on integrating wise resource management into City programs and policies with greater depth and intention while reducing the City’s vulnerability to future environmental changes in the face of increasing climate uncertainty.

Demonstrating commitment to the environment can help attract business, employees and other new residents stimulating the local economy and contributing positively to quality of life. Facilitating efficient and effective decision making with clear environmental objectives will improve City operations.

Fostering stakeholder engagement and providing environmental strategies and actions into area redevelopment plans and City policies will increase community vibrancy.

PROGRESS

1. Environmental Strategy & Compliance has received formal notification of approval for grant funding from FCM Green Municipal Fund to support the City’s Water Management and Adaptation Strategy as part of the actions of the Environmental Framework. Waiting for review of grant application submitted to Results Driven Agriculture Research.
2. Development of the City’s Water Management and Adaptation Strategy is underway. Four internal engagement workshops with internal subject matter experts have been set up for 2026. Public engagement and other stakeholder engagement strategies will be undertaken throughout the project.
3. The City’s Home Energy finance programs including Hat Smart and CEIP have been centralized in Environmental Strategy & Compliance. Innovative and efficient future changes will be considered and vetted internally for program improvement.
4. Environmental Strategy & Compliance continues to oversee the Remediation and Reclamation program for submission of Reclamation Certificate Applications on Gas Production assets.

ENERGY MARKETING & BUSINESS ANALYSIS

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Energy Marketing & Business Analysis	\$ -	\$ 7	\$ 7	\$ -	\$ -	
	-	7	7	-	-	
Expenses						
Energy Marketing & Business Analysis	2,202	1,439	763	750	1,452	1
	2,202	1,439	763	750	1,452	
Net Surplus (Deficit) before Internal Cost Allocations	(2,202)	(1,432)	770	750	(1,452)	
Internal Revenue	2,200	1,425	(775)	(748)	1,452	2
Internal Expenses	272	269	3	-	272	
	1,928	1,156	(772)	(748)	1,180	
Net Surplus (Deficit) before Cash Adjustments	(274)	(276)	(2)	2	(272)	
Net Cash Surplus (Requirements)	\$ (274)	\$ (276)	\$ (2)	\$ 2	\$ (272)	

OPERATING NOTES

- Energy Marketing & Business Analysis expenses are \$763K favourable due to lower than budgeted contracted services related to unutilized consulting fees (\$390K) and less than budgeted salaries due to positional vacancies (\$307K).
- Internal Revenue is -\$775K unfavourable due to lower recoveries on reduced expenses.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Saamis solar project management and analysis.
- Continued work on Rate Class review as per recent Council motion.
- Attended Restructured Energy Market (REM) finalizations sessions.
- 2026 Budget update for the Energy Division.

Planned Next Four Months

- Continued work on the Saamis solar project.
- Develop long range forecast for the Energy Division.
- Participation in the REM rule making detailed design.
- Develop gas supply options for the City.

ENERGY MARKETING & BUSINESS ANALYSIS

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Energy Transition</p> <p>In support of the division, Energy Marketing and Business Analysis will recommend, and as applicable, deliver a balanced approach to energy transformation that considers carbon risk and mitigation while continuing to maintain competitive retail pricing options in the delivery of reliable energy supply.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Continue to work on Saamis Solar conditions, to progress, to construction.2. Ongoing work with business attraction that require large utility services.
<p>Support Strategic Decision Making</p> <p>The team will drive new value as a business partner by contributing credible analysis that informs strategic decision making related to the Energy, Land and Environment's division, and by supporting the corporate strategic planning process for an aligned corporate direction.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Continued work on Gas Production asset evaluation options.2. Evaluation of long-term capital outlook for Utility Distribution Systems and potential rate impacts.
<p>Asset Optimization</p> <p>In support of the division, Energy Marketing and Business Analysis will look to drive value through asset optimization strategies. The group will utilize quantitative analysis to find areas where there is potential for the City to achieve increased value or reduced cost. As well as a focus on understanding business risks and alternative/innovative solutions for the benefit of the organization and community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Work with local Distributed Energy Resources (DER) to look for opportunities for behind the fence supply.2. Carbon credit optimization for compliance obligations.

ENVIRONMENTAL UTILITIES – WATER

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Property Taxes	\$ 114	\$ 121	\$ 7	\$ (1)	\$ 113	
Administration	27,772	28,132	360	51	27,823	1
Operations	149	149	-	-	149	
Total	28,035	28,402	367	50	28,085	
Expenses						
Administration	2,752	2,337	415	395	2,357	2
Operations	6,493	6,445	48	50	6,443	
Engineering	809	753	56	-	809	
Maintenance	1,049	1,030	19	(50)	1,099	
Total	11,103	10,565	538	395	10,708	
Earnings Before Internal Cost Allocations	\$ 16,932	\$ 17,837	\$ 905	\$ 445	\$ 17,377	
Internal Revenue	2,689	2,505	(184)	(410)	2,279	3
Internal Expenses	6,792	6,148	644	553	6,239	4
	(4,103)	(3,643)	460	143	(3,960)	
Earnings Before Interest, Taxes and Amortization	\$ 12,829	\$ 14,194	\$ 1,365	\$ 588	\$ 13,417	
Interest Expense	(3,091)	(2,852)	239	256	(2,835)	5
Interest Revenue	-	21	21	21	21	
Amortization	(5,777)	(6,376)	(600)	-	(5,777)	6
Gain (Loss) on Disposal of Assets	-	(23)	(23)	-	-	
Accretion of Asset Retirement Obligations	(3)	(6)	(2)	-	(3)	
Net Earnings / (Loss)	\$ 3,958	\$ 4,958	\$ 1,000	\$ 865	\$ 4,823	
Free Cash Flow (transfer (to)/from reserve)	1,037	2,552	1,515	1,217	2,254	7
Transfer to One-time Expenses and Initiatives	(705)	(705)	-	-	(705)	
Transfer to Capital	(3,215)	(3,540)	(325)	-	(3,215)	8
Transfer from Reserves (revenue)	-	806	806	-	-	9
Net Earnings / (Loss) after Transfers	\$ 1,075	\$ 4,071	\$ 2,996	\$ 2,082	\$ 3,157	

OPERATING NOTES

- Administration revenue is \$360K favourable mainly due to higher than expected residential (\$151K) and lawn services (\$144K) water consumption. This is more favourable than the November projection due to the difference between the 2024 and 2025 yearend accrual amounts as a result of the increased consumption in December (\$332K).
- Administration expenses are \$415K favourable mainly due to staff vacancies (\$113K), less than budgeted overtime required (\$188K) and reduced spending in contracted services as a result of the cancelled CHAT television advertising program, as well as more professional development sessions attended virtually instead of in-person (\$114K).
- Internal Revenue is -\$184K unfavourable due to less of a recovery received from sewer and solid waste related to lower overhead costs than budgeted. This variance is \$226K more favourable than the November projection due to the actual water consumption from City of Medicine Hat departments being on budget at yearend.
- Internal Expenses are \$644K favourable mainly due to lower than expected utilities due to less usage (\$383K) as well as less equipment charged from other departments than budgeted (\$208K).
- Interest expense is \$239K favourable due to timing of prior years capital expenses and related borrowings.
- Amortization is -\$600K unfavourable due to the completion of the Water Treatment Plant Solids Handling Facility occurring a year later than budgeted as well as three donated assets received this year that were not budgeted.
- Free Cash Flow (transfer (to)/from reserve) is \$2.6M at yearend, which is favourable from budget and projections, due to more free cash flow required to sustain operations than anticipated.

ENVIRONMENTAL UTILITIES – WATER

For the Period Ended December 31, 2025

8. Transfer to Capital is -\$325K unfavourable due to a prior year capital project that was funded by working capital that was not restricted in the year the budget was approved. This variance was not projected in November.
9. Transfer from Reserves (revenue) is \$806K favourable due to several capital projects being complete and underspent that were working capital funded. This variance was not projected in November.

ENVIRONMENTAL UTILITIES – SEWER

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Property Taxes	\$ 114	\$ 121	\$ 7	\$ -	\$ 114	
Administration	25,079	25,166	87	207	25,286	1
Operations	31	74	43	-	31	
Total	25,224	25,361	137	207	25,431	
Expenses						
Administration	1,039	759	280	286	753	2
Operations	4,776	4,534	242	337	4,439	3
Engineering	765	969	(204)	-	765	4
Maintenance	1,207	1,021	186	130	1,077	5
Total	7,787	7,283	504	753	7,034	
Earnings Before Internal Cost Allocations	\$ 17,437	\$ 18,078	\$ 641	\$ 960	\$ 18,397	
Internal Revenue	-	19	19	4	4	
Internal Expenses	5,414	5,355	59	37	5,377	
	(5,414)	(5,336)	78	41	(5,373)	
Earnings Before Interest, Taxes and Amortization	\$ 12,023	\$ 12,742	\$ 719	\$ 1,001	\$ 13,024	
Interest Expense	(3,381)	(3,062)	319	379	(3,002)	6
Amortization	(4,766)	(4,691)	75	-	(4,766)	
Gain (Loss) on Disposal of Assets	-	(273)	(273)	-	-	7
Accretion of Asset Retirement Obligations	(1)	(2)	(1)	-	(1)	
Net Earnings / (Loss)	\$ 3,875	\$ 4,714	\$ 839	\$ 1,380	\$ 5,255	
Free Cash Flow (transfer (to)/from reserve)	1,402	(3,473)	(4,875)	(1,170)	232	8
Transfer to Capital	(4,482)	(4,482)	-	-	(4,482)	
Transfer from Reserves (revenue)	-	8	8	1	1	
Net Earnings / (Loss) after Transfers	\$ 795.13	\$ (3,233)	\$ (4,028)	\$ 211	\$ 1,006	

OPERATING NOTES

- Administration revenue is \$120K less favourable than projected in November due to lower commercial volumes than projected (-\$107K).
- Administration expenses are \$280K favourable due to more staff time coded to Water Distribution than budgeted due to unexpected issues in the distribution system (\$111K), as well as less than budgeted overtime required (\$161K).
- Operations expenses are \$242K favourable mainly due to more staff time coded to Water Distribution than budgeted due to unexpected issues in the distribution system (\$257K), reduced material costs as a result of cancelled contracts (\$137K) and savings in salaries and wages due to staff vacancies (\$50K), offset by increased chemical usage costs (-\$202K).
- Engineering expenses are -\$204K unfavourable due to higher than budgeted benefits. This was a yearend adjustment that was not projected in November.
- Maintenance expenses are \$186K favourable mainly due to reduced spending in contracted services and materials as a result of repairs being less than anticipated and a filled vacancy which led to less contracted services required.
- Interest expense is \$319K favourable due to timing of prior years capital expenses and related borrowings.
- Loss on Disposal of Assets is -\$273K unfavourable due to unbudgeted write offs of wastewater infrastructure.
- Free Cash Flow (transfer (to)/from reserve) is -\$3.5M, which is more unfavourable than budget and projections, due to less cash flow required to sustain operations.

ENVIRONMENTAL UTILITIES – SOLID WASTE

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Sales						
Gain/Loss on Risk Management Instrument	\$ -	\$ (381)	\$ (381)	\$ (381)	\$ (381)	1
Total	-	(381)	(381)	(381)	(381)	
Revenue						
Residential Tipping Fee	417	422	5	-	417	
Administration	650	5	(645)	(650)	-	2
Operations	8,754	8,938	184	805	9,559	3
Total	9,821	9,365	(456)	155	9,976	
Expenses						
Administration	686	647	39	160	526	4
Operations	3,948	4,386	(438)	(283)	4,231	5
Total	4,634	5,033	(399)	(123)	4,757	
Earnings Before Internal Cost Allocations	\$ 5,187	\$ 3,951	\$ (1,236)	\$ (349)	\$ 4,838	
Internal Revenue	2,864	2,994	130	47	2,911	6
Internal Expenses	5,755	5,210	545	467	5,288	7
	(2,891)	(2,216)	675	514	(2,377)	
Earnings Before Interest, Taxes and Amortization	\$ 2,296	\$ 1,735	\$ (561)	\$ 165	\$ 2,461	
Interest Expense	(35)	(34)	1	-	(35)	
Amortization	(1,022)	(1,316)	(294)	-	(1,022)	8
Gain (Loss) on Disposal of Assets	-	(206)	(206)	-	-	9
Accretion of Asset Retirement Obligations	(331)	(366)	(35)	-	(331)	
Net Earnings / (Loss)	\$ 908	\$ (187)	\$ (1,095)	\$ 165	\$ 1,073	
Unrealized Gain/Loss on Risk Management Instrument	-	(3)	(3)	-	-	
Free Cash Flow (transfer (to)/from reserve)	(1,934)	(2,280)	(346)	(433)	(2,367)	10
Transfer to Capital	(130)	(130)	-	-	(130)	
Transfer from Reserves (revenue)	-	7	7	-	-	
Net Earnings / (Loss) after Transfers	\$ (1,156)	\$ (2,593)	\$ (1,437)	\$ (268)	\$ (1,424)	

OPERATING NOTES

- Gain/Loss on Risk Management Instrument is unfavourable -\$381K due to the unbudgeted change in carbon credit market value from 2024 to 2025 (\$42.50 to \$19.00 per credit).
- Administration revenue is -\$645K unfavourable as the City received notice on September 10th, 2025, that the request for an extension for emission offsets was not approved beyond 2024 at the current facility. However, the Province has indicated that the City could be eligible for credits in the future as a new project with a food waste composting program and new upgraded facility.
- Operations revenue is \$184K favourable due to higher than budgeted revenue as a result of increased sump waste volumes from highway construction projects (\$220K) and increased recycling revenue related to the implementation of the new extended producer responsibility program (\$125K), partially offset by unfavourable variances related to lower commercial tipping fee revenue (-\$157K). This is \$621K less favourable than projected in November due to the proceeds on the sale of recycling carts being netted with the loss on disposal of assets (Note 9).
- Administration expenses are \$121K less favourable than projected in November due to groundwater sampling and slope stability studies required for regulatory reporting.
- Operations expenses are -\$438K unfavourable due to two unbudgeted temporary staff positions (-\$143K), higher than budgeted benefits (-\$141K), unmet vacancy adjustment (-\$104K), additional contracted services required to support operational demands (which are offset by increased revenue above) (-\$125K), partially offset by less than budgeted overtime (\$79K). This variance is \$155K less favourable than projected in November mainly due to the additional contracted services required in December.
- Internal Revenue is \$130K favourable at yearend due to increased landfill usage from other CMH departments.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended December 31, 2025

7. Internal expenses are \$545K favourable due to lower than budgeted fleet expenses due to the delay in receiving four pieces of equipment.
8. Amortization expense is -\$294K unfavourable due to timing of capital projects.
9. Loss on Disposal of Assets is -\$206K unfavourable at yearend due to unbudgeted write offs of equipment. Asset disposals were not projected in November reporting
10. Free Cash Flow (transfer (to)/from reserve) is -\$346K unfavourable at yearend as a result of less cash flow required to sustain operations.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Completed feasibility study and updated pricing for new compost processing facility.
- Currently awaiting approval on the new water well at the landfill licenced with Alberta Environment and Parks (AEP).
- Received public notice from regulator (Alberta Environmental Protection Act) for renewal approval application. Should receive official approval renewal in 45 days.
- Site Security upgrades to Environmental Utilities (EU) satellite locations (Water) nearing completion.
- Installation of new Water pressure reducing valve (PRV) vault in Northwest to assist with operational system demands completed.
- Large domestic sewer transmission trunk main cleaned to lift station for capacity requirements completed.
- Water Treatment Plant (WTP) solids handling facility process optimization ongoing.
- Waste Water Treatment Plant (WWTP) screen and grit removal project design ongoing.

Planned Next Four Months

- Southridge Reservoir infrastructure upgrades – internal project.
- Post and award request for proposal (RFP) for landfill expansion cell design and engineering.
- Tour new Council WWTP and landfill in April/May.
- Continue working with Ambipar and ARcanada on evaluation and cost benefit analysis regarding organic waste composting options. Will report to Council on recommendations in Q3/Q4.
- Holding three free composting and battery collection events this year at Kipling Recycling Depot (April/May).
- Seasonal yard waste collection program to start April 6, 2026.
- North Reservoir upgrades to commence Q1 2026 if required material is sourced.
- Site Security upgrades to EU satellite locations (Water) to be completed, then progressing into alternate site locations (Sewer).
- Continue exploring options for water main lining.
- WTP clarifier (5 SCU) recirc drive contracted repair services to repair/replace combination drive.
- Continue WTP solids handling facility process optimization.
- WTP high lift pump repair.
- EU-SCADA private access point name cellular network setup.
- Continue EU - SCADA network segmentation to improve network reliability and redundancy.
- Annual reports to Alberta Environment.
- WWTP lagoon chamber #4 slide gate replacement.
- WWTP trickling filter pump #1 electrical feed repair.
- Continue WWTP screen and grit removal project design phase.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Financial & Environmental Responsibility</p> <p>To provide safe, reliable, and effective water treatment and distribution, wastewater treatment and collection, and waste management systems in a financially & environmentally responsible manner. Ensure compliance with all municipal, provincial, and federal standards and regulations.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">Operational teams have been working with Engineering teams to collaborate and complete smaller scale projects in house. Several of these projects are underway currently or completed in 2025.On April 1, 2025, the City transferred the responsibility of recycling to Circular Materials as part of the Extended Producer Responsibility program provincially. Circular Materials has contracted GFL Environmental as their contractor for the City of Medicine Hat (same vendor the City has had operating the current recycling program). City of Medicine Hat rate payers no longer required to pay for the residential recycling fee on their utility bills. The City was also able to sell the blue cart inventory to GFL for \$576K.H2S gas in sewage lift stations solutions: City of Medicine Hat Wastewater Lift Stations face many challenges. Two locations specifically, Southlands Lift and Southwest Sector (Desert Blume) contain operational circumstances which create higher levels of H2S which contribute to deterioration of infrastructure along with increased odour issues. Due to collection area and geographical location of stations, elevational differences in force mains (which transfer waste material) contribute to the environment which helps create the H2S gas. In previous years, staff had applied different methods to manage these issues, mainly by adding potable water to lift station wet wells to dilute waste material and create expediated pump cycle times. This method was found inefficient as concerning hazardous levels were not decreasing, there were additional operational costs to pumps and motors, and increased costs related to wasted usage of treated potable water. This would become very inefficient in times of water shortage management plan implementation. Through current working teams including EU Engineering, EU Millwrights, and Field Operations staff, it has been identified that a specialized product dosage is required to assist in lowering harmful levels of H2S gas in conjunction with maintaining odour for residents and business owners. The goal was to find the most efficient and cost-effective method to manage this ongoing situation which has produced both operational and financial benefits.
<p>Risk-Based Asset Management</p> <p>We are dedicated to risk control through the assessment, management, operations of our facilities, and maintenance practices.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">Completed tendering and award for construction of several major capital projects with most completed in 2025 with minor surface work to be finished off in spring of 2026.Sanitary sewer mains flushing program has been completed for 2025. Continuous maintenance and evaluation of infrastructure enables sound decision making for prioritizing capital replacement projects.Fire hydrant flushing program has been completed for 2025. Continuous maintenance and evaluation of infrastructure enables sound decision making for prioritizing capital replacement projects.EU teams have been learning more about artificial intelligence programs that can aid in identifying the highest risks in a traditional asset management system with hopes to trial a solution in 2026.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended December 31, 2025

Operational Excellence Through Continuous Improvement

Through positive leadership, continuous improvement, meticulous planning, and effective stakeholder communication, we manage and operate municipal utility infrastructure to provide reliable services for the current and future needs of the community and the environment.

PROGRESS

1. Completed tendering and construction of several major capital projects. This upgraded infrastructure will help in reliability for current and future generations of ratepayers.
2. Harlow Interconnect project:
EU identified a need to improve water supply to the north side of the river. The existing larger diameter main upstream of the Trans Canada Highway (TCH) Bridge is of uncertain condition and the department plans to undertake a condition assessment in a future budget cycle. The existing 900 mm diameter main from the Harlow area to the north side is fed by a smaller diameter main that is not able to provide a fully redundant supply to the north side in the event of a problem with the transmission main upstream of TCH bridge. In order to improve feed to the Harlow crossing, EU plans to install a large-diameter water transmission main from 1 St. SW to Harlow.

EU continuously seeks opportunities to collaborate with other departments and communicates plans for capital projects early in the design phase. Initially EU's plan was to install the water main via trenchless methods to reduce the disturbance to the area. However, due to poor soil conditions in the area, trenchless methods are not possible. Once EU identified that open cut would be required and that there would be much more disturbance through the park area, Parks and Recreation (PKRC) decided to take advantage of the opportunity to improve amenities in the area and replace an irrigation system that was in poor condition. PKRC led a public engagement process to seek feedback on proposed improvements to Harlow and Noble parks and to inform residents of the upcoming construction. Utility Distribution Systems – Gas Distribution also saw an opportunity to once again collaborate with EU and upgrade gas infrastructure as part of the larger water main installation project. EU and Utility Distribution Systems – Gas Distribution have successfully collaborated on several projects in the past.

MUNICIPAL WORKS

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Administration	\$ -	\$ 22	\$ 22	\$ -	\$ -	
Operations	45	103	58	40	85	1
	45	125	80	40	85	
Expenses						
Administration	682	569	113	(20)	702	2
Engineering	1,982	1,875	107	100	1,882	3
Operations	6,443	6,406	37	-	6,443	
	9,107	8,850	257	80	9,027	
Net Surplus (Deficit) before Internal Cost Allocations	(9,062)	(8,725)	337	120	(8,942)	
Internal Revenue	130	146	16	-	130	
Internal Expenses	4,775	4,519	256	330	4,445	4
	(4,645)	(4,373)	272	330	(4,315)	
Net Surplus (Deficit) before Cash Adjustments	(13,707)	(13,098)	609	450	(13,257)	
Interest Expense	(296)	(376)	(80)	(58)	(354)	5
Principal	(863)	(936)	(73)	(73)	(936)	5
Transfer to One-time Expenses and Initiatives	(849)	(849)	-	-	(849)	
Interest Revenue	-	18	18	18	18	
Net Cash Surplus (Requirements)	\$ (15,715)	\$ (15,241)	\$ 474	\$ 337	\$ (15,378)	
Amortization	(15,654)	(15,036)	618	-	(15,654)	6
Gain (Loss) on Disposal of Assets	-	(175)	(175)	-	-	7
Net Surplus (Deficit)	\$ (31,369)	\$ (30,452)	\$ 917	\$ 337	\$ (31,032)	

OPERATING NOTES

- Operations revenue is \$58K favourable due to additional on-street parking (\$14K), external third-party work (\$13K) and recoveries from motor vehicle accident infrastructure repairs (\$30K). The motor vehicle accident damage revenue is offset by corresponding Operations expenses.
- Administration expenses are \$113K favourable mainly due to reduced contracted services expenditure (\$186K), partially offset by higher staffing costs as a result of unmet wage vacancy and higher than budgeted corporate benefits (-\$76K). The difference between the actual variance and the November projection is due to the delayed agreement and funding requirement for the Southern Regional Stormwater Drainage Committee (\$148K).
- Engineering expenses are \$107K favourable due to staff vacancies (\$116K) and reduced material use (\$3K), partially offset by additional consulting services required to support service delivery (-\$12K).
- Internal Expenses are \$256K favourable due to lower Fleet expenses than anticipated (\$116K), reduced utility costs (\$35K) and additional equipment recovery related to work for other departments and capital programs (\$183K). These favourable expenses were offset by additional waste disposal at the landfill (-\$83K). The difference between the actual variance and the November projection is due to the disposal of street sweepings at the City of Medicine Hat Landfill versus the contracted services budget in Operations (-\$74K).
- Interest Expense is -\$80K unfavourable and principal is -\$73K unfavourable, both due to the timing of prior years capital expenses and related borrowings.
- Amortization is \$618K favourable due to later than anticipated spending on capital projects.
- Loss on Disposal of Assets is -\$175K at yearend due to unbudgeted write offs of storm system infrastructure.

MUNICIPAL WORKS

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Completed fall sweeping program, asphalt repairs, storm system maintenance, roadway markings and traffic control maintenance, as well as other summer maintenance and construction programs, including bridge inspections, lane grading and sidewalk maintenance.
- Completed the 2025 stormwater closed-circuit television (CCTV).
- Completed the fall flood infrastructure inspections.
- Preparation and commencement of snow and ice control operations.
- Completion of the remaining 2025 Tangible Capital Asset (TCA) and New Growth Opportunities programs:
 - Division Avenue South rehabilitation completed, including trail construction extending down Cemetery Hill.
 - 3 Avenue SE storm sewer upgrade completed.
 - Six paved lane rehabilitations completed.
 - Local road rehabilitation design and construction management delivered in house for two roadway sections.
- Continued review of stormwater outfall regulatory requirements.
- Initiated engineering design for 2026 and future TCA projects for the following locations:
 - Rotary Centennial Drive NW from Division Avenue to Box Springs Road.
 - Sprague Way from South Ridge Drive to Sissons Crescent.
 - Shaw Crescent from Stratton Way to Sprague Way.
 - Traffic study for Redcliff Drive and 7 Street SW.
- Advanced a proactive roadway safety program through installation of Rectangular Rapid Flashing Beacons at six new crosswalk locations and replacement at three existing locations across the City.

Planned Next Four Months

- On-going winter operations, commencement of spring street sweeping program as well as spring maintenance activities including drainage management and asphalt repairs.
- Initiate asphalt recycling operations.
- Initiate bathymetric survey of select storm water management facilities.
- Continuation of engineering design for 2025/2026 TCA projects.
- Advance design development and stakeholder engagement for the 3rd Street Riverside, 3rd Street Downtown, and 16 Street and 8 Avenue SW corridors.
- Complete planning, inspections, training, and preparedness measures for a potential 2026 river or creek flood event and initiate required maintenance actions identified through inspections.
- Continue the stormwater outfall regulatory requirement review and begin implementation of recommended actions.
- Initiate development of the Asset Management Plan for transportation core asset classes.
- Evaluate operating needs and continue to complete recruitments to fill vacancies and strengthen delivery of operations.

MUNICIPAL WORKS

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Safety</p> <p>Maintain a strong commitment to the Health and Safety of employees, partners, contractors, and residents. Being safe is personal and it is reflected in the decisions made, the actions taken, and it is front of mind every day. The Department exercises safe practices to meet legislative and Occupational Health and Safety regulatory requirements and to ensure everyone goes home safe. It is recognized that efficient health and safety programs promote operational efficiency and lead to a reduction of costs associated with workplace incidents and injuries.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Successfully worked with our contractors and staff throughout the 2025 construction season on activities that promoted safety at contracted and City worksites, encouraging a safe workplace for all.2. Encouraged all staff to complete Occupational Health & Safety (OH&S) training and discussed opportunities to improve working conditions through active participation in the department Joint Worksite Health & Safety Committee.3. Quarterly targeted site inspections completed by management including participation by Development & Infrastructure Managing Director.4. Promoted an environment where staff were encouraged to report all OH&S issues (near misses) in order to proactively install corrective actions and create a safe workplace for all.
<p>Infrastructure Operations & Maintenance</p> <p>MWD oversees the City's comprehensive transportation network, which includes roads, sidewalks, bridges, street lighting, and traffic signals. Additionally, the City diligently maintains and operates its storm management system, adhering to industry best practices and meeting regulatory requirements. Continue the informed, effective, and efficient operation and maintenance of this critical infrastructure.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Annual inspection programs were completed on the storm system, bridges, Connaught dam (monthly), snow disposal sites and streetlighting infrastructure.2. 2025 road matrix pavement inspection (third of road network) program completed.3. MW Operations joined the Parks & Recreation Operations group in successfully starting the sidewalk/trail snow clearing and grass cutting shared service pilot project.4. To improve road repair efficiency, an asphalt recycler and hot box were purchased in 2025, with delivery in 2026.
<p>Asset Management</p> <p>MWD plays a critical role in risk-based asset management of transportation and stormwater related assets. The department adheres to industry best practices for managing stormwater and multi-modal transportation within the City's transportation network. MWD staff diligently perform maintenance and management tasks, extending the lifespan of assets and ensuring safe operation. MWD is committed to optimizing available funds to maintain the existing infrastructure and communicate the health of the assets.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. 2025 infrastructure rehabilitation programs were largely completed at several mill & overlay locations including Maple Avenue SE, South Boundary Road SE, and College Avenue and Drive SE. Construction that was initiated in 2024 on Division Avenue S as well as the downtown 3rd Street SE was completed. Road rehabilitation projects were completed on local roads and paved lanes in the River Flats and Ross Glen areas.2. 3rd Avenue SE storm upgrade construction project was completed.3. The City's 2025 cured-in-place (CIPP) pipe storm lining program was largely completed at several locations throughout the city.4. Municipal Works actively participated in the corporate asset management initiative by assisting/sharing experience with other City departments that have less mature asset management programs.

MUNICIPAL WORKS

For the Period Ended December 31, 2025

Innovative Transportation Network Management

MWD employs a strategic, multi-dimensional approach to oversee MWD infrastructure. The department focuses on several key areas: sustainable infrastructure and network planning, traffic demand management, multi-modal transportation, new development support and road safety planning. Through innovation and emerging technologies, MWD aims to enhance safety, efficiency, reliability, and sustainability while minimizing environmental impact. The department actively listens to community feedback and strives to engineer solutions that meet the diverse needs of the community.

PROGRESS

1. The City's Transportation Master Plan, Transportation Safety Strategy, and Active Transportation Strategy were introduced to the public and Council in the summer of 2025. Further public engagement will be completed in 2026 with reintroduction for approval in 2026.
2. Downtown 3rd Street SE/6th Avenue SE intersection was reconfigured to create a safe environment for all users with minimum disruption to the local businesses (no net loss of on-street parking).
3. Engineering continues to look at innovative ways to address public concerns related to transportation safety.

AIRPORT

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Airport	\$ 695	\$ 736	\$ 41	\$ 30	\$ 725	
	695	736	41	30	725	
Expenses						
Airport	1,293	1,270	23	50	1,243	
	1,293	1,270	23	50	1,243	
Net Surplus (Deficit) before Internal Cost Allocations	(598)	(534)	64	80	(518)	
Internal Expenses	758	798	(40)	(35)	793	
	(758)	(798)	(40)	(35)	(793)	
Net Surplus (Deficit) before Cash Adjustments	(1,356)	(1,332)	24	45	(1,311)	
Interest Expense	(84)	(83)	1	-	(84)	
Principal	(305)	(305)	-	-	(305)	
Transfer to One-time Expenses and Initiatives	(40)	(40)	-	-	(40)	
Net Cash Surplus (Requirements)	\$ (1,785)	\$ (1,760)	\$ 25	\$ 45	\$ (1,740)	
Amortization	(1,521)	(1,468)	53	-	(1,521)	1
Gain (Loss) on Disposal of Assets	-	(4)	(4)	-	-	
Accretion of Asset Retirement Obligations	(1)	(1)	-	-	(1)	
Net Surplus (Deficit)	\$ (3,307)	\$ (3,233)	\$ 74	\$ 45	\$ (3,262)	

OPERATING NOTES

- Amortization expense is \$53K favourable due to later than anticipated spending on capital projects.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Winter operations program initiated.
- Crack sealing program and asphalt patching complete.
- Airport Masterplan stakeholder engagement.
- Marketing, promotions, and airline retention & attraction activities.

Planned Next Four Months

- Winter operations continue.
- Spring and summer preventive maintenance program preparations.
- Airport Masterplan public engagement executed, and feedback reports finalized.
- Marketing and promotion activities.

AIRPORT

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Safety and Operations Excellence</p> <p>Prioritize the health and safety of our employees, users, tenants, contractors, and residents. As owners of the City's airport infrastructure, be accountable for running and maintaining vital facilities such as runways, taxiways, aprons, the terminal, electric systems, parking lots, and internal roadways in the most efficient way possible. Adhere to all regulatory requirements and ensure the smooth and safe functioning of the airport for all who rely on it.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Regulatory project work continues to progress.2. 2025 seasonal preventive maintenance program complete.3. Winter maintenance program implemented.4. New employee training underway.
<p>Connectivity, Strategy, and Investment</p> <p>The Medicine Hat Regional Airport (YXH) is a critical transportation hub and economic driver for our region and serves an important function to keep Medicine Hat connected to other communities and economies. Commit to pursuing opportunities and to develop strategies to best leverage the Airport for the City and Southeast Region of Alberta.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. 29% growth in air traffic activity, year over year.2. Peak season travel period preparations and execution.3. Marketing and promotion activities are active.4. Air carrier meetings held and scheduled ahead.5. Airport Masterplan engagement sessions held.

PLANNING & DEVELOPMENT SERVICES

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Administration	\$ -	\$ 3	\$ 3	\$ -	\$ -	
Planning	1,143	1,212	69	-	1,143	1
Engineering & Safety Codes Services	1,369	2,687	1,318	1,227	2,596	2
	2,512	3,902	1,390	1,227	3,739	
Expenses						
Administration	997	976	21	35	962	
Planning	1,539	1,466	73	50	1,489	3
Engineering & Safety Codes Services	2,512	2,393	119	75	2,437	4
	5,048	4,835	213	160	4,888	
Net Surplus (Deficit) before Internal Cost Allocations	(2,536)	(933)	1,603	1,387	(1,149)	
Internal Revenue	-	16	16	-	-	
Internal Expenses	1,233	1,214	19	-	1,233	
	(1,233)	(1,198)	35	-	(1,233)	
Net Surplus (Deficit) before Cash Adjustments	(3,769)	(2,131)	1,638	1,387	(2,382)	
Net Cash Surplus (Requirements)	\$ (3,769)	\$ (2,131)	\$ 1,638	\$ 1,387	\$ (2,382)	
Amortization	(55)	(44)	11	-	(55)	
Net Surplus (Deficit)	\$ (3,824)	\$ (2,175)	\$ 1,649	\$ 1,387	\$ (2,437)	

OPERATING NOTES

1. Planning revenue is \$69K favourable due to more businesses renewing their licenses this year and renewing earlier to take advantage of a three-year license at a reduced fee. The yearend adjustment to recognize business license revenue in the year it is earned was not projected in November.
2. Engineering & Safety Codes Services revenue is \$1.3M favourable due to three large applications received in 2025. This variance is \$91K more favourable than the November projection due to more applications received in December than anticipated.
3. Planning expenses are \$73K favourable at yearend due to staff vacancies (\$58K) and reduced spending in contracted services as a result of staff attending virtual professional development sessions as opposed to in-person (\$15K).
4. Engineering & Safety Codes Services expenses are \$119K favourable due to staff vacancies (\$93K) and reduced spending in contracted services as a result of staff attending virtual professional development sessions as opposed to in-person, as well as some training opportunities that were not available in 2025 (\$26K).

PLANNING & DEVELOPMENT SERVICES

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Met with Infrastructure Funding Project Off Site Levy (OSL) Advisory Committee and worked to get clarity on all projects and financials.
- Updated all reporting processes for the current KPIs for Planning and Development Services (PDS) and ensured they were posted to the City's website.
- Continued to improve overall PDS processes and linkages with the community improving overall feedback from industry regarding responsiveness and service.
- Continued work on Land Use Bylaw Refresh project.

Planned Next Four Months

- Continue to work on PDS process review and update Technical Coordinating Committee Review processes for tracking and reportability, and inclusion into CityView.
- Audit the Safety Codes Services Processes, Permits and the Quality Management Plan to ensure compliance with Safety Codes Act and improve overall process compliance.
- Continue to work to update the Infrastructure Funding Process related to OSL financials and engage fully with all stakeholders to ensure they are aware of the issues and the proposed updates.
- Bring forward Land Use Bylaw Refresh project to Council for approval.

PLANNING & DEVELOPMENT SERVICES

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Create Opportunities to Incentivize Businesses and Reduce Barriers</p> <p>Create a more attractive and supportive environment for businesses by reducing barriers, improving transparency and enhancing efficiency.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Worked with industry through Building and Land Development (BLD) and Development Advisory Panel (DAP) meetings to ensure communications, clarity on processes, and understanding of issues from all stakeholders.2. Instituted a Customer Service Survey in paper and electronic formats to ensure feedback can be received and reviewed.
<p>Provide Excellent Customer Care in the Delivery of Planning and Development Services</p> <p>This includes clarity of process, reducing any unnecessary process and administrative burden, and minimizing response times to support the development process and support growth. Streamlining the development process and matching our services with the public's expectations is critical. Communicating clear, concise Levels of Service, inclusive of metrics to identify department performance and support continuous improvements will enhance stakeholder understanding.</p> <p>This includes providing a modern development digital application process that allows customers to submit applications, communicate with the City, and pay fees digitally.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Continuing work on the Process Improvement Program to ensure that all PDS processes comply with industry best practices. Continuous updating and reporting on Key Performance Indicators (KPIs) to identify our performance against approved levels of service; this will aid in our efforts at continuously improving our service delivery.2. Levels of Service and KPIs have been posted on the City's website and have been met with positive feedback from the community and industry. Additional KPIs will be posted through the next year to identify additional performance measures.3. All KPIs and performance measures have been instituted to assist PDS with its efforts to create and maintain a Continuous Improvement Process that will ensure a very high performing PDS team is present to meet the needs of the community into the future.
<p>Establish the Municipal Planning Foundation for Future Sustainable Development</p> <p>The City establishes the high-level planning and standards for infrastructure that the public and private sector constructs which the City is ultimately responsible for. The standard of infrastructure affects the initial capital cost, but also the long-term maintenance and replacement costs borne by the ratepayers. These servicing standards must follow and conform to the community's long-term Municipal Development Plan (MDP).</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Land Use Bylaw Refresh project is in the final stages with substantial work completed by Q4 2025. It is to be brought forward to Council for adoption in Q2 2026.

GENERAL MUNICIPAL REVENUES

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Other General Municipal Revenue	\$ 9,993	\$ 9,541	\$ (452)	\$ (464)	\$ 9,529	1
Utilities Contributions	3,000	3,000	-	-	3,000	
Property Taxes	94,065	94,061	(4)	151	94,216	2
Property Tax Adjustments	(969)	(744)	225	582	(387)	3
	106,089	105,858	(231)	269	106,358	
Expenses						
Other General Municipal Revenue	92	549	(457)	(389)	481	4
Investment Expenses (General Fund)	5,112	4,836	276	277	4,835	5
	5,204	5,385	(181)	(112)	5,316	
Net Surplus (Deficit) before Internal Cost	100,885	100,473	(412)	157	101,042	
Internal Revenue	798	849	51	55	853	6
Internal Expenses	635	640	(5)	(7)	642	
	163	209	46	48	211	
Net Surplus (Deficit) before Cash Adjustments	101,048	100,682	(366)	205	101,253	
Transfer to One-time Expenses and Initiatives	(100)	(100)	-	-	(100)	
Interest Revenue	30,094	66,841	36,747	24,337	54,431	7
Gain/Loss on Risk Management Instrument	-	3,765	3,765	3,765	3,765	7
Transfer (to)/from Reserve	11,068	(11,281)	(22,349)	(8,758)	2,310	8
Reserve - Medicine Hat Endowment Fund	(1,709)	(12,283)	(10,574)	(7,351)	(9,060)	7
Reserve - Energy Transition	(2,516)	(6,349)	(3,833)	(2,649)	(5,165)	7
Reserve - Abandonment Obligations	(2,516)	(6,349)	(3,833)	(2,649)	(5,165)	7
Net Cash Surplus (Requirements)	\$ 135,369	\$ 134,926	\$ (443)	\$ 6,900	\$ 142,269	
Unrealized gain/loss	-	14,121	14,121	-	-	9
Site Restoration	-	(115)	(115)	-	-	10
Net Surplus (Deficit)	\$ 135,369	\$ 148,932	\$ 13,563	\$ 6,900	\$ 142,269	

OPERATING NOTES

- Other General Municipal Revenue is -\$452K unfavourable due to lower than budgeted court fine revenue because of new Provincial legislation to limit the use of automated traffic enforcement (-\$839K) and grant revenue budgeted but not received (-\$75K). This is offset by higher than budgeted Municipal Consent and Access Fees (\$124K), meter fine revenue (\$23K), interest on arrears and current taxes (\$259K), unbudgeted vending machine revenue (\$40K), and higher than budgeted exhibit recovery (\$20K).
- The actual Property Tax revenue variance is -\$155K more unfavourable than projected in November due to yearend adjustments for over/under collected tax amounts on tax requisitions. These amounts are not calculated prior to yearend and therefore early projections are unavailable.
- Property Tax Adjustments are \$225K favourable due to a lower than budgeted Grants in Lieu of Property Tax (GIPO) write off as a result of Government of Alberta budget announcement to decrease the write off percentage from 50% to 25% (\$512K) and less than anticipated property tax cancellations (\$91K), offset by unbudgeted property tax revisions (-\$378K). The actual variance is \$357K less favourable than projected in November due to increased assessor adjustments.
- Other General Municipal expenses are -\$457K unfavourable due to unbudgeted realized losses on foreign currency transactions (-\$391K) and unbudgeted external legal fees (-\$71K). The actual variance is -\$68K more unfavourable than projected in November due to higher realized loss on foreign currency transactions (-\$27K) and greater legal fees than originally projected (-\$31K).
- Investment Expenses (General Fund) are \$276K favourable due to savings from a lower investment balance and termination of external manager contract.
- Internal revenue is \$51K favourable at yearend due to higher than budgeted internal Municipal Consent & Access Fees.

GENERAL MUNICIPAL REVENUES

For the Period Ended December 31, 2025

7. Interest revenue and Gain/Loss on Risk Management Instrument have an overall favourable variance of \$40.5M due to the investment markets performing better in the year than budgeted. Some equity positions were sold in the year which allowed the City to realize \$3.8M in previously unrecognized gains. As a result of the favourable variance, the transfer to the Medicine Hat Endowment Fund, Energy Transition Reserve, and Abandonment Reserve are more than budget as interest earned on the reserves is transferred directly to them.
8. Transfer (to)/from Reserve is -\$22.3M unfavourable at yearend as a result of higher than budgeted investment income (see Note 7). -\$10.4M in investment income was transferred to operating (investment) reserves and no transfer required for the 2025 budget gap (-\$11.1M) as a result of the high performing portfolio.
9. Unrealized gain/loss is \$14.1M which is related to financial instruments, such as investments, being revalued to market value at yearend. This amount was not budgeted or projected for in November 2025.
10. Site Restoration is -\$115K unfavourable due to the anticipated increase in price to settle contaminated sites. This amount was not budgeted or projected for in November 2025.

MAYOR & COUNCILORS

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Expenses						
Legislative Support for Council	\$ 299	\$ 380	\$ (81)	\$ (80)	\$ 379	1
Councilors	547	605	(58)	(5)	552	2
	846	985	(139)	(85)	931	
Net Surplus (Deficit) before Internal Cost Allocations	(846)	(985)	(139)	(85)	(931)	
Internal Expenses	164	164	-	-	164	
	(164)	(164)	-	-	(164)	
Net Surplus (Deficit) before Cash Adjustments	(1,010)	(1,149)	(139)	(85)	(1,095)	
Net Cash Surplus (Requirements)	\$ (1,010)	\$ (1,149)	\$ (139)	\$ (85)	\$ (1,095)	
Transfer to One-time Expenses and Initiatives	(100)	(100)	-	-	(100)	
Net Surplus (Deficit)	\$ (1,110)	\$ (1,249)	\$ (139)	\$ (85)	\$ (1,195)	

OPERATING NOTES

- Legislative Support for Council expenses are -\$81K unfavourable due to unbudgeted legal fees (-\$65K) and greater than budgeted employee benefits (-\$12K).
- Councilors' expenses are -\$58K unfavourable due to greater than budgeted employee benefits (-\$49K), which was not factored into previous projections.

CITY MANAGER & MANAGING DIRECTORS

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Expenses						
City Manager Administration	\$ 714	\$ 564	\$ 150	\$ 64	\$ 650	1
Corporate Services Administration	424	709	(285)	(251)	675	2
Development & Infrastructure Administration	429	418	11	-	429	
Public Services Administration	437	412	25	-	437	
Energy, Land & Environment Administration	511	450	61	30	481	3
	2,515	2,553	(38)	(157)	2,672	
Net Surplus (Deficit) before Internal Cost Allocations	(2,515)	(2,553)	(38)	(157)	(2,672)	
Internal Revenue	2,516	2,516	-	-	2,516	
Internal Expenses	410	409	1	-	410	
	2,106	2,107	1	-	2,106	
Net Surplus (Deficit) before Cash Adjustments	(409)	(446)	(37)	(157)	(566)	
Net Cash Surplus (Requirements)	\$ (409)	\$ (446)	\$ (37)	\$ (157)	\$ (566)	

OPERATING NOTES

- City Manager Administration expenses are \$150K favourable due to lower than budget spending on the Integrity Commissioner (\$85K) and savings in salaries, wages and employee benefits due to a staff vacancy (\$58K). The yearend variance is more favourable than projected due to savings from the vacant position.
- Corporate Services Administration expenses are -\$285K unfavourable due to unbudgeted employee benefits.
- Energy, Land & Environment Administration expenses are \$61K favourable due to lower than budget spending on contracted services.

CITY SOLICITOR

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Nov 30/25 at Dec 31/25	NOTE
Expenses						
City Solicitor Office	\$ 1,090	\$ 1,021	\$ 69	\$ 47	\$ 1,043	1
	1,090	1,021	69	47	1,043	
Net Surplus (Deficit) before Internal Cost Allocations	(1,090)	(1,021)	69	47	(1,043)	
Internal Revenue	1,090	1,090	-	-	1,090	
Internal Expenses	272	272	-	-	272	
	818	818	-	-	818	
Net Surplus (Deficit) before Cash Adjustments	(272)	(203)	69	47	(225)	
Net Cash Surplus (Requirements)	\$ (272)	\$ (203)	\$ 69	\$ 47	\$ (225)	

OPERATING NOTES

1. City Solicitor Office expenses are \$69K favourable due to lower than budgeted external legal fees.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Significant bylaw, policy and contract drafting projects were undertaken as well as various planning, real estate, and land development projects.
- Major energy related projects were worked on and completed.
- Oversight and management of various dispute resolution and litigation matters involving the City.

Planned Next Four Months

- Continued work on various leases, land sale and land development agreements.
- Drafting new bylaws, policies and contracts in accordance with Council direction.
- Continued management of litigation matters involving the City.

CITY SOLICITOR

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>The Bylaw Review and Updating Initiative</p> <p>An initiative to review, amend, replace and, where appropriate, craft new bylaws to ensure matters falling within the City's jurisdiction are appropriately regulated in accordance with Council's strategic objectives.</p>	<p>PROGRESS</p> <p>Completed drafting or review of the following Bylaws:</p> <ol style="list-style-type: none">1. Amendments to the Gas Utility Bylaw.2. Amendments to the Electric Utility Bylaw.3. Amendments to the Procedure Bylaw.
<p>Management of Major Litigation Matters</p> <p>The City is involved in a variety of litigation matters, in some instances as a plaintiff, complainant or appellant and in other cases as a defendant or respondent. Such litigation can impact the City in major strategic and organization-wide ways, including with respect to human resources, financial resources, operational processes, relationships with third parties, reputational risks, and insurance implications, to name but a few.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Litigation matters are confidential. Council receives confidential updates yearly regarding such matters.
<p>Optimize Internal Legal Service Delivery</p> <p>Effectively and efficiently managing and optimizing the intake and processing of legal service requests to help all divisions and business units meet Council's objectives.</p> <p>The City Solicitor's office provides legal advice and services to all divisions and departments of the City and is eager to identify any opportunities for improvement in accordance with in-house legal industry best practices related to the intake and processing of legal services requests.</p> <p>In recent years, the City Solicitor's office has experienced an ever-increasing demand for legal services, despite temporary staffing shortages.</p> <p>The City of Medicine Hat has unique needs for legal services due to its ownership of gas and electric utilities and major land development initiatives, and as such does not admit to an easy apples-to-apples comparison with other municipalities in Alberta.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Optimization of the intake and processing of legal services is an ongoing process.2. In Q2 the legal team had a successful in-depth meeting with the Procurement team to identify areas where each department could find efficiencies in terms of service delivery to the various departments of the City.3. The City Solicitor's office continues to provide services in an efficient and timely manner, meeting the expectations of internal clients.
<p>Bill 20 Amendments to the MGA</p> <p>Amendments under this Bill are pending and have not been enacted yet. Some of the amendments, if passed, will impact the City's operations. The City Solicitor's office will bring forward a report to advise Council of the changes and the impacts or potential impacts to City operations.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. A report on Bill 20 was provided to Council in a closed session in Q1 2025.

CITY CLERK

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Committees and Appeal Boards	\$ 5	\$ 9	\$ 4	\$ 8	\$ 13	
City Clerk	1	10	9	1	2	
	6	19	13	9	15	
Expenses						
Committees and Appeal Boards	119	130	(11)	9	110	
City Clerk	879	1,142	(263)	(276)	1,155	1
	998	1,272	(274)	(267)	1,265	
Net Surplus (Deficit) before Internal Cost Allocations	(992)	(1,253)	(261)	(258)	(1,250)	
Internal Revenue	796	796	-	-	796	
Internal Expenses	251	260	(9)	(7)	258	
	545	536	(9)	(7)	538	
Net Surplus (Deficit) before Cash Adjustments	(447)	(717)	(270)	(265)	(712)	
Interest Expense	(1)	(1)	-	-	(1)	
Principal	(24)	(24)	-	-	(24)	
Transfer to One-time Expenses and Initiatives	(450)	(498)	(48)	-	(450)	
Net Cash Surplus (Requirements)	\$ (922)	\$ (1,240)	\$ (318)	\$ (265)	\$ (1,187)	
Amortization	(16)	(16)	-	-	(16)	
Net Surplus (Deficit)	\$ (938)	\$ (1,256)	\$ (318)	\$ (265)	\$ (1,203)	

OPERATING NOTES

- City Clerk expenses are -\$263K unfavourable mainly due to higher than budgeted contracted services related to Access to Information Act (ATIA) requests (-\$249K), due to commercially sensitive information and documentation.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Updates to the City of Medicine Hat ATIA webpage completed.
- Ongoing collaboration with City departments on policy creation/management.
- Election completed. Follow up debriefing meetings occurred and all required documentation has been submitted to the province.

Planned Next Four Months

- Evaluation of Request for Proposals (RFP) for Agenda Management Software. Begin implementation once a company is selected.
- Ongoing work to implement a formal privacy management program with a legislated deadline of June 11, 2026.
- Ongoing collaboration with City departments on policy creation/management.
- Ongoing work with the ATIA platform for requests in procurement process.
- Budget planning.
- SharePoint migration. Working with Information Technology (IT) to implement this within the department.

CITY CLERK

For the Period Ended December 31, 2025

Report on Business Plan Goals

Support Chief Electoral Officer Support the contracted Chief Electoral Officer to manage the October 20, 2025, Municipal Election and follow-up tasks to the end of December 2025.	PROGRESS 1. Completed.
Freedom of Information and Protection of Privacy (FOIP) Program Create a robust and compliant FOIP Program.	PROGRESS 1. Completed - website changes completed, redaction software running smoothly. 2. Ongoing – working with procurement for an overall ATIA Platform. Must implement a formal program by June 11, 2026, in order to meet legislated deadline.
Agenda Management Software Evaluate the submitted RFP's for the Agenda Management Software. Implementation and department collaboration/training before OnBase decommissioning in September 2026.	PROGRESS 1. Ongoing – beginning the evaluation process for the RFP's. Next step will be to select a company and begin implementation work. Training will begin once the system is implemented and all required documentation/templates is transferred to the new system.
Policy Program and Framework Lead and collaboratively coordinate development and implementation of a policy program and framework to include multiple policy initiatives that will impact the long-term and future direction of the City of Medicine Hat focussing on quality assurance and improvement.	PROGRESS 1. Ongoing - anticipating the framework to come forward in Q1/Q2 2026.

PEOPLE SERVICES

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Emergency Management	\$ -	\$ 30	\$ 30	\$ 30	\$ 30	
Labour & Employee Relations	136	236	100	110	246	1
	136	266	130	140	276	
Expenses						
Administration	1,428	1,545	(117)	(52)	1,480	2
Total Rewards	1,727	1,440	287	442	1,285	3
Corporate Safety	1,482	1,363	119	177	1,305	4
Emergency Management	1,050	951	99	138	912	5
Labour & Employee Relations	1,676	1,259	417	278	1,398	6
	7,363	6,558	805	983	6,380	
Net Surplus (Deficit) before Internal Cost Allocations	(7,227)	(6,292)	935	1,123	(6,104)	
Internal Revenue	6,749	6,686	(63)	(35)	6,714	7
Internal Expenses	898	888	10	8	890	
	5,851	5,798	(53)	(27)	5,824	
Net Surplus (Deficit) before Cash Adjustments	(1,376)	(494)	882	1,096	(280)	
Transfer to One-time Expenses and Initiatives	(72)	(72)	-	-	(72)	
Transfer (to)/from Reserve	550	(376)	(926)	(135)	415	8
Net Cash Surplus (Requirements)	\$ (898)	\$ (942)	\$ (44)	\$ 961	\$ 63	
Amortization	(7)	(7)	-	-	(7)	
Net Surplus (Deficit)	\$ (905)	\$ (949)	\$ (44)	\$ 961	\$ 56	

OPERATING NOTES

- Labour & Employee Relations revenue is \$100K favourable due to higher than budgeted reimbursements for CUPE related work.
- Administration expenses are -\$117K unfavourable due to higher than budget employee benefits (-\$178K), offset by less spending on materials (\$38K) and advertising (\$13K). The actual variance is -\$65K more unfavourable than projected as the impact of the yearend benefits adjustment was not included in the November projection.
- Total Rewards expenses are \$287K favourable due to lower than budgeted salaries and wages from vacant positions and unpaid leaves (\$376K), offset by higher than budgeted contracted services due to temporary payroll support (-\$35K) and higher than budgeted recruitment expenses (-\$108K). The actual variance is -\$155K more unfavourable than projected as the impact of the yearend benefits adjustment was not included in the November projection.
- Corporate Safety expenses are \$119K favourable due to lower than budgeted salaries resulting from unpaid leaves (\$17K) and lower than budgeted software licencing expenses resulting from subscriptions that are no longer required (\$102K). The actual variance is \$58K more unfavourable than projected as the impact of the yearend benefits adjustment was not included in the November projection.
- Emergency Management expenses are \$99K favourable due to lower than budget salaries, wages and benefits due to staff vacancies (\$36K) and less than budget spending on contracted services related to learning and development (\$54K).
- Labour & Employee Relations expenses are \$417K favourable due to lower than budgeted salaries and wages resulting from position vacancies (\$304K) and reduced spending on contracted services (\$114K). The actual variance is \$139K more favourable than projected in November due to a department restructuring in December, which reallocated budget from a closed subdepartment to Labour & Employee Relations.
- Internal revenue is -\$63K unfavourable due to lower than budgeted training recovery, as a result of City-wide staff vacancies.
- Transfer (to)/from Reserves is -\$926K unfavourable at yearend. When the budget was prepared it was anticipated \$550K would be needed from reserves to cover training costs. However, during the year, less was spent due to staff vacancies and therefore a transfer to reserves of \$376K occurred. This was not projected for in November.

PEOPLE SERVICES

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Compensation project completed.
- Compensation grids and market analysis complete and updated.
- 95% of all non-union job descriptions are updated and completed.
- Online respectful workplace training.
- International Brotherhood of Electrical Workers (IBEW) negotiations complete.
- Wellness and Culture Committee commenced.
- Launch of Culture Commitment training to all staff.
- Launch of updated values.
- Continued workforce planning work.
- Career Fair planning for fall (Red Deer, Ontario, Saskatchewan).
- Employee Value Proposition workshops commencing.
- Forecasting of future benefit plans (costing).

Planned Next Four Months

- Continued values training to the end of June to have all values completed with staff.
- Learning and Development relaunch of leadership training with refreshed modules.
- Onboarding and orientation update to be completed.
- Policy work on Corporate Safety, Learning and Development, Psychological Safety and Alcohol and Drug policies.
- “Report It” corporate safety campaign.
- Regional Emergency Management committee work.
- Psychological safety action planning.

Report on Business Plan Goals

<p>Attract, Recruit and Retain an Exceptional Workforce</p> <p>We will attract and retain a workforce of people that align with our values, leadership, and expertise to support all areas of the organization.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Hiring moratorium business case has been completed with changes rolled out to all leaders.
<p>Inclusive Culture, Behaviors and Values</p> <p>We will promote and embed the behaviors of inclusivity, diversity, and values-based leadership throughout the City of Medicine Hat. An inclusive culture is the responsibility of us all and we are a welcoming environment to all who work with us. A diverse and agile mindset to change the way we operate. Wellness and safety are one.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Training on the direction of culture commitment training was completed in December with over 600 staff attending.
<p>Securing our Future by Building the Bench</p> <p>We will develop and embolden our people by ensuring the atmosphere, systems and culture supports individual growth, while reinforcing the City for the future. Building a culture where the right people are in the right roles driving change, leveraging potential and embolden stretch.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Leadership development and succession work to commence in 2026.
<p>Competitive and Meaningful Total Rewards/Recognition Programs</p> <p>We will ensure our people are rewarded equitably with clear compensation. We are committed to rewarding and recognizing our staff for performance and the embodiment of our values.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Pay equity and pay transparency work will commence in 2026.

PEOPLE SERVICES

For the Period Ended December 31, 2025

<p>Implement a Workforce Strategy</p> <p>We are committed to addressing our workforce needs through innovation, efficiencies, and fiscal responsibility. It is with this commitment and a three-year strategy through a phased approach that we will address current state, predict future requirements, and create a streamlined and innovative workforce.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Initial work has been completed with a hold being placed with other work that would support this strategy longer term.
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ECONOMIC DEVELOPMENT

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25
Revenue					
Investment & Strategic Planning	\$ 65	\$ 30	\$ (35)	\$ (24)	\$ 41
	<u>65</u>	<u>30</u>	<u>(35)</u>	<u>(24)</u>	<u>41</u>
Expenses					
Investment & Strategic Planning	1,588	1,547	41	21	1,567
	<u>1,588</u>	<u>1,547</u>	<u>41</u>	<u>21</u>	<u>1,567</u>
Net Surplus (Deficit) before Internal Cost Allocations	(1,523)	(1,517)	6	(3)	(1,526)
Internal Expenses	443	443	-	(1)	444
	<u>(443)</u>	<u>(443)</u>	<u>-</u>	<u>(1)</u>	<u>(444)</u>
Net Surplus (Deficit) before Cash Adjustments	(1,966)	(1,960)	6	(4)	(1,970)
Interest Expense	(6)	(6)	-	-	(6)
Principal	(20)	(20)	-	-	(20)
Transfer to One-time Expenses and Initiatives	(2,924)	(2,924)	-	-	(2,924)
Net Cash Surplus (Requirements)	\$ (4,916)	\$ (4,910)	\$ 6	\$ (4)	\$ (4,920)
Amortization	(5)	(5)	-	-	(5)
Net Surplus (Deficit)	\$ (4,921)	\$ (4,915)	\$ 6	\$ (4)	\$ (4,925)

OPERATING NOTES

N/A

OPERATING HIGHLIGHTS

Completed last four months

- Industrial Technology Benefits (ITB) Workshop for Defence and Aerospace companies and service providers.
- Launch of Small Business Navigator Service Pilot.
- Attendance at 3 defence and aerospace, energy and agrifood/agriculture events to grow investment opportunities.
- Continued facilitation of Rural Renewal.
- Understanding the Value of Foreign Credentials and Work Experience Webinar.
- Responded to 81 inquiries, qualified 3 opportunities and continual engagement with 4 additional prospective investments.

Planned Next Four Months

- International Talent Recognition and Assessment Program.
- Planning for Workforce Attraction Recruitment Mission.
- Provide Rural Renewal recommendation to Council.
- Crime Prevention Through Environmental Design (CPTED) program implementation and update to Non-Residential Incentive program.
- Facilitation of investment readiness taskforce.
- Implementation of City Centre Incentives (Vibrancy and Ignite).

ECONOMIC DEVELOPMENT

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Operational Efficiencies</p> <p>An operational plan and the development of new office systems will guide efficiencies within the department and will lead to the development of impactful projects and cross departmental efficiencies for those whose work aligns with economic development priorities. A solid operational plan that includes value proposition, goals, metrics, required resources, milestones / timeline and budget will provide a communication tool between senior leadership and council and the Economic Development Office. As well, operational efficiencies will guide human resource decisions like staff recruitment to support other key objectives such as workforce development, business retention and expansion, investment attraction and investment and growth readiness.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Ongoing work with IT team to evaluate and determine the most effective Customer Relationship Management (CRM) option to enhance our departments and collaborate throughout the City of Medicine Hat organization.
<p>Community and Stakeholder Engagement</p> <p>Solid relationships are an enabler of economic development. To ensure the success of the economic development department, engagement is required both with staff internal to the City and with local, regional, and provincial service providers, and municipal, provincial, and federal counterparts and the City of Medicine Hat community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Continue to facilitate workforce group with various local and provincial stakeholders to align efforts (Community Futures, Government of Alberta, REDI Enterprises, Medicine Hat College, YMCA, Saamis Mentorship).2. Staff continue to place priority on engagement with stakeholders by attending community networking, training, and business grand opening events.
<p>Workforce Development and Rural Renewal</p> <p>A lack of qualified/skilled labour in various industries is hindering productivity, and company expansions. The key object of Workforce Development and Rural Renewal will support the workforce needs of employers, helping inform, attract, develop, and retain labour for economic growth.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Total 135 employer consultations completed, 86 job vacancies shared, 124 candidate interviews done, and 113 endorsement letters issued.2. Program is currently on pause due to shifting immigration policy.
<p>Business and Industry Development</p> <p>Supporting businesses and industry currently investing in the community to grow is an important element of economic development. It takes less resources to support existing businesses to stay in the community than it does to attract new industry. Connecting businesses to key resources and information is a key focus of the department. As well, key individuals and partner organizations within the community will support a Business Retention and Expansion (BRE) program, by connecting with businesses to understand their challenges through a survey. This information is then analyzed, and programming is developed to help these businesses grow revenue and jobs.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Continually meeting with existing businesses and entrepreneurs to learn about what they need to provide ongoing support to requests, providing pathfinding, guidance, data, and grant opportunities.2. Hosted Manufacturing Forward conference.3. Support City Centre businesses through free parking programming, shop local campaign and marketing campaign.4. Support defence and aerospace with Industrial and Technological Benefits (ITB) workshop.

ECONOMIC DEVELOPMENT

For the Period Ended December 31, 2025

<p>Investment Attraction</p> <p>This is the process of enticing individuals, businesses, or funds to invest in a particular region, industry, or project. It involves showcasing the potential for financial returns, economic stability, and growth opportunities. This often includes promoting favorable business environments, infrastructure, and incentives to attract investors. Successful investment attraction strategies focus on creating a compelling narrative and providing a competitive advantage to encourage capital inflow, job creation, and overall economic development.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Developed an investment attraction strategy and action plan using data from business retention and expansion programming.2. Attended conferences and networking events to generate investment leads for key identified markets.3. Approved Defence and Aerospace Investment Attraction Strategy.
<p>Investment and Growth Readiness</p> <p>Involves creating an environment that is conducive to economic growth, social well-being, and sustainable practices. This readiness includes community engagement, infrastructure development, and the establishment of policies that encourage and support investment. A community is considered investment-ready when it has a strategic plan, transparent governance, and the ability to leverage resources for the collective benefit of its residents. This process aims to enhance the overall resilience and prosperity of the community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Developed regional economic development strategy including regional priorities and competitive advantages.2. Continued to meet with Southeast Alberta Economic Opportunity Strategy (SAEOS) steering committee to plan and execute on recommended action items.3. Continued administration work for past incentive programs.4. Present Residential Tax Exemption Bylaw to council on June 2, 2025.5. Prepare and present recommendation for City Centre programs and incentives.

POLICE SERVICE

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Police	\$ 4,600	\$ 4,636	\$ 36	\$ 23	\$ 4,623	
	4,600	4,636	36	23	4,623	
Expenses						
Police	28,451	28,675	(224)	(39)	28,490	1
	28,451	28,675	(224)	(39)	28,490	
Net Surplus (Deficit) before Internal Cost Allocations	(23,851)	(24,039)	(188)	(16)	(23,867)	
Internal Revenue	197	149	(48)	(48)	149	
Internal Expenses	3,867	3,874	(7)	22	3,845	
	(3,670)	(3,725)	(55)	(26)	(3,696)	
Net Surplus (Deficit) before Cash Adjustments	(27,521)	(27,764)	(243)	(42)	(27,563)	
Interest Expense	(23)	(22)	1	1	(22)	
Principal	(120)	(120)	-	-	(120)	
Transfer to One-time Expenses and Initiatives	(40)	(40)	-	-	(40)	
Net Cash Surplus (Requirements)	\$ (27,704)	\$ (27,946)	\$ (242)	\$ (41)	\$ (27,745)	
Amortization	(234)	(251)	(17)	-	(234)	
Net Surplus (Deficit)	\$ (27,938)	\$ (28,197)	\$ (259)	\$ (41)	\$ (27,979)	

OPERATING NOTES

- Police expenses are -\$224K unfavourable due to higher than budgeted benefits (-\$306K) and additional materials spent for the First Responder Academy that are offset by increased revenue (-\$280K), offset by savings in contracted services for security and DNA services (\$80K), lower than budget spending on training (\$55K) and staff vacancies (\$238K). This variance is -\$185K more unfavourable than projected due to higher than expected employee benefits.

OPERATING HIGHLIGHTS

Completed Last Four Months

- The Medicine Hat Police Service (MHPS) replaced the 23 year old Glock 40 caliber pistols with an updated 9mm model with a red-dot sighting system that enhances accuracy and officer safety. Every sworn officer was trained on the new platform during a 3-day course in the Fall.
- The Medicine Hat Police Service partnered with the Medicine Hat Catholic Board of Education for the Monsignor McCoy High School's First Responder Academy. This is a one-of-a-kind program designed to inspire and prepare the next generation of emergency service professionals. The program aims to bridge education and industry, equipping students with the skills and knowledge to excel in the field of emergency services.

Planned Next Four Months

- The Police Recruit class graduation will take place on March 27, 2026, and upon graduation the recruits will join their respective agencies where they will continue their field training.
- The MHPS will transition to a new conducted energy weapon, which provide greater safety, flexibility, and reliability in less-lethal use-of-force tools. The new device will provide officers more opportunity to de-escalate or control situations without resorting to lethal force.

POLICE SERVICE

For the Period Ended December 31, 2025

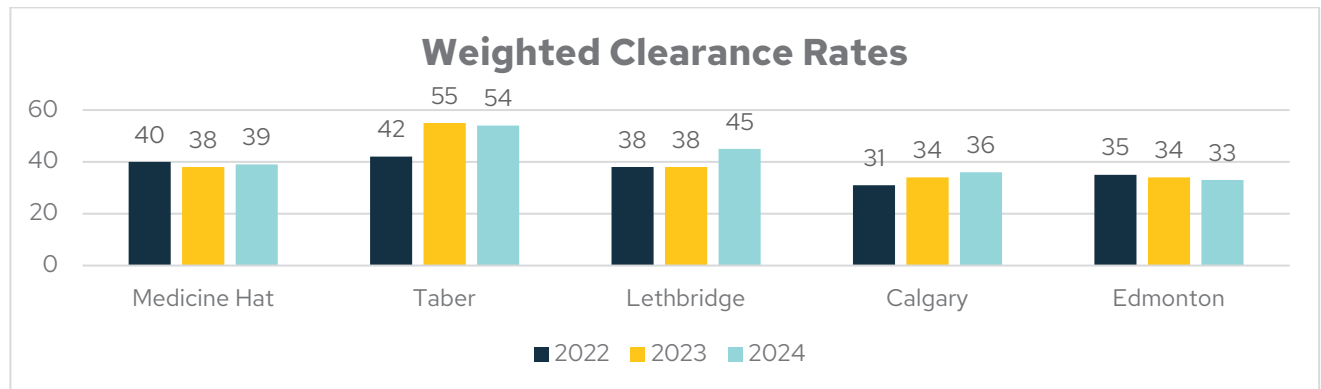
Report on Business Plan Goals

<p>COMMUNITY SAFETY</p> <p>The MHPS will continue to focus on effective reactive and proactive approaches to community safety, specifically road safety, violent crime, property crimes, drug trafficking, organized crime, social disorder, and unrest. The MHPS will also continue to work with community partners to address family violence, mental health, addiction and reducing the fear of crime.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. On August 8, 2025, the Royal Canadian Mounted Police (RCMP) began investigating a break and enter at a rural property in Cypress County, during which several firearms were stolen. On August 10, 2025, the Medicine Hat Police Service (MHPS) arrested a 28-year-old woman in Medicine Hat for possession of stolen property. A 31-year-old man who was with her at the time fled from police. Later that day, officers located the man inside a residence in the 800 block of 9th Street SE. He refused to leave, prompting a standoff involving the MHPS Tactical Team and Crisis Negotiators. The man was eventually taken into custody without incident. A search of the residence by the MHPS Major Crime Unit led to the recovery of firearms, ammunition, and other stolen property. As a result of the investigation a 31-year-old Medicine Hat man was charged with multiple offences including theft, firearms offences, assault with a weapon, theft of motor vehicle, and flight from police.2. On November 17, 2025, at approximately 3:20PM, members of MHPS Patrol Section responded to a report of theft from a business in the 2000 block of Strachan Road SE. During the incident, the business' Loss Prevention Officer (LPO) intervened and was subjected to minor physical assault; however, no injuries were reported. Police quickly located the suspect vehicle nearby, apprehending two male individuals. The driver, a 43-year-old Medicine Hat resident, was charged with shoplifting under \$5,000. The second individual, a 36-year-old male from Medicine Hat, was charged with robbery and breach of undertaking.
<p>COMMUNITY ENGAGEMENT</p> <p>The MHPS will strive to strengthen relationships with community members through communication, engagement initiatives, and volunteer opportunities. The MHPS encourages members to collaborate with the community through active involvement in various committees, boards, and groups. Through this involvement the MHPS is better able to build relationships, understand community needs and adapt services provided as required.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. On November 11, 2025, several members of the MHPS including the Ceremonial Team, Executive Team, current and retired members, attended the Remembrance Day ceremony held at the Esplanade and participated in the march to Riverside Veteran's Memorial Park Cenotaph.2. On September 30, 2025, members of the Office of the Chief attended the National Day for Truth and Reconciliation ceremony held at the Medicine Hat College.
<p>INVESTMENT IN HUMAN RESOURCES AND TECHNOLOGY</p> <p>The MHPS will enhance our ability to provide high quality customer service to the community and maintain or improve overall satisfaction, trust and confidence in policing.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. The MHPS Recruitment Team initiated a recruitment process for officers to participate in Police Recruit training in the fall of 2026. Application deadline for the process is March 31, 2026.2. On October 6, 2025, the MHPS initiated a Police Recruit Training class commenced with 9 recruits participating, including 7 from the MHPS and 2 from the Canadian Pacific Kansas City Police Service.
<p>ORGANIZATIONAL WELLNESS</p> <p>Organizational wellness is a key priority for the MHPS. This includes ensuring the psychological, physical, and emotional well-being of all staff and is accomplished through having credible, reliable and easily accessed resources.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. On October 20, 2025, the MHPS began hosting noon hour yoga classes one day per week. This class is available to all MHPS staff free of charge.2. The MHPS adopted a casualty care program, keeping pace with the evolving expectation for officers to provide critical acute care for the public, themselves and fellow officers. Approximately 40 front line officers received the training that allows them to utilize specialized medical equipment such as tourniquets and chest seals. This has greatly enhanced their ability to provide critical emergency care for serious injuries in the field.

POLICE SERVICE

For the Period Ended December 31, 2025

Report on Performance Measures



COMMUNICATIONS, ENGAGEMENT & MARKETING

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Marketing & Creative Services	\$ -	\$ 3	\$ 3	\$ -	\$ -	
	-	3	3	-	-	
Expenses						
Marketing & Creative Services	1,458	1,396	62	79	1,379	1
	1,458	1,396	62	79	1,379	
Net Surplus (Deficit) before Internal Cost Allocations	(1,458)	(1,393)	65	79	(1,379)	
Internal Revenue	1,312	1,312	-	-	1,312	
Internal Expenses	355	355	-	-	355	
	957	957	-	-	957	
Net Surplus (Deficit) before Cash Adjustments	(501)	(436)	65	79	(422)	
Net Cash Surplus (Requirements)	\$ (501)	\$ (436)	\$ 65	\$ 79	\$ (422)	

OPERATING NOTES

- Marketing & Creative Services expenses are \$62K favourable due to lower utilization of contracted services and the Community Survey not being completed this year.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continued work to stabilize new website to ensure successful project closure.
- Continued Public Participation framework implementation.
- Executed significant communications and promotions to support municipal election.
- Completed community profile and supported year-end report for Economic Development.
- Completed design of updated indoor signage for Parks and Recreation facilities in anticipation of the Special Olympics.

Planned Next Four Months

- Bring forward report on Public Participation with policy updates.
- Roadwork and transportation public engagement planning and implementation.
- Improve search function on medicinehat.ca and fully develop the parks and facilities module.
- Compete biennial Community Survey.
- Complete Annual Report.
- Communications/promotional campaign to increase awareness of tixx.ca as Medicine Hat's only trusted ticket buying source in an effort to reduce fraudulent charges/scamming.
- Collaborate with WestJet marketing team to increase air service promotions in YXH.
- Supporting Land & Real Estate on a rebrand and relaunch of the YXH Gateway land parcel to spur interest, including a name change to Gateway Business Park and focused content development to highlight proximity to Highway 3.
- Collaborating with Economic Development, Tourism Medicine Hat, and a local sports organization to plan a press conference and sponsorship opportunities for a sporting event coming to Co-op Place and broadcast to an international audience.

COMMUNICATIONS, ENGAGEMENT & MARKETING

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Public Participation</p> <p>Public participation efforts are delivered effectively and consistently throughout the organization. Both community and City Council expectations on public participation opportunities are growing and City of Medicine Hat requires a formal framework to better define and coordinate public engagement efforts to meet these expectations. The framework will be complete in 2024 and implemented throughout 2025.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Public participation framework rollout continues with a report coming forward in Q1 2026. In Q4 2025, worked with multiple departments to develop engagement strategies related to several city projects including Facilities for the Future and Airport Master Plan.2. Planned and hosted Community Spirit Awards event, celebrating nine individuals and one community group for their contributions to the community.
<p>Strengthen Internal Communications</p> <p>We have a strong system of internal communications. Effective internal communications are a critical organizational success factor contributing to improved employee awareness and engagement, while providing opportunities to share information, build relationships, and improve collaboration across departments.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Weekly INsite articles continue to be developed and posted consistently, with bi-weekly INsite Edition sent out to all employees.2. Ongoing collaboration with other departments to support M365 adoption, Culture Commitment project and other internal initiatives.3. Completed audit of employee intranet, the first phase of sitemap redesign which aims to improve user experience and ensure up-to-date content.
<p>Reliable & Relevant Communications</p> <p>City information is consistently delivered and is accessible, accurate and timely. A strong communications and public participation strategy allows the city to demonstrate transparency and build a greater sense of trust amongst all stakeholder groups by consistently and proactively delivering accurate, timely, relevant information. Finding opportunities to celebrate accomplishments and success supports community wellness and vibrancy.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Completed website refresh project to migrate to new content management system and improve design and functionality. New site launched on September 8, 2025.2. Completed Election 2025 communications strategy – aimed to clearly communicate election logistics and enhance awareness of roles of council and local government in general.3. Continued with weekly city e-newsletter to offer convenient, consistent, and accessible information to the community.
<p>Marketing and Sponsorship</p> <p>Strategically develop and implement innovative, accessible marketing materials that authentically capture and amplify our vibrant community, inspiring residents, non-residents, and stakeholders to take meaningful action by investing in our community, our facilities, amenities, events, and local businesses. The business community is inspired to advertise on city assets because they feel a sense of pride in giving back to our local community groups.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Supported the YXH Regional Airport in hosting an airport tenant appreciation night during a Tigers Hockey Sponsored Game Night (audience of 4,764).2. Working with Parks & Recreation and Community Development to develop a list of assets available for advertising sales. Next steps include creating a defined process for sales and developing a webpage to list available opportunities.3. Acquired a new email marketing tool to enhance our ability to send targeted/segmented communications to Big Marble Go Centre’s current and previous users. Upcoming migration of the Economic Development newsletter into this tool.

FINANCE

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Assessment & Taxation	\$ 2	\$ 8	\$ 6	\$ -	\$ 2	
Customer Care & Billing	610	723	113	135	745	1
Treasury & Risk	-	358	358	-	-	2
Supply Chain	67	67	-	-	67	
	679	1,156	477	135	814	
Expenses						
Divisional Finance	353	352	1	-	353	
Financial Control & Reporting	2,617	2,506	111	170	2,447	3
Assessment & Taxation	1,863	1,843	20	-	1,863	
Customer Care & Billing	2,961	3,022	(61)	(65)	3,026	4
Treasury & Risk	4,762	4,162	600	380	4,382	5
Supply Chain	2,032	2,170	(138)	(84)	2,116	6
	14,588	14,055	533	401	14,187	
Net Surplus (Deficit) before Internal Cost	(13,909)	(12,899)	1,010	536	(13,373)	
Internal Revenue	12,109	11,800	(309)	(107)	12,002	7
Internal Expenses	2,586	2,622	(36)	(72)	2,658	
	9,523	9,178	(345)	(179)	9,344	
Net Surplus (Deficit) before Cash Adjustments	(4,386)	(3,721)	665	357	(4,029)	
Interest Expense	(20)	(16)	4	4	(16)	
Principal	(77)	(76)	1	1	(76)	
Transfer to One-time Expenses and Initiatives	(250)	(250)	-	-	(250)	
Transfer to Reserves (expense)	-	(355)	(355)	-	-	2
Transfer from Reserves (revenue)	49	50	1	-	49	
Net Cash Surplus (Requirements)	\$ (4,684)	\$ (4,368)	\$ 316	\$ 362	\$ (4,371)	
Amortization	(75)	(5)	70	-	(75)	8
Net Surplus (Deficit)	\$ (4,759)	\$ (4,373)	\$ 386	\$ 362	\$ (4,446)	

OPERATING NOTES

- Customer Care & Billing revenue is \$113K favourable due to higher than budgeted tax certificate & search fees (\$72K), disconnect/reconnect fees (\$63K), Tax Instalment Payment Plan (TIPP) filing fees (\$14K) and transfer to tax fees (\$6K), offset by lower than budgeted mortgage admin fees (-\$29K) and utility sign on fees (-\$17K).
- Treasury & Risk revenue is \$358K favourable due to the collection of self insurance premiums from internal departments to continue funding the Insurance Reserve. This is offset by an unfavourable variance in Transfer to Reserves (expense) of -\$355K. This transfer was not budgeted and not projected in November.
- Financial Control & Reporting expenses are \$111K favourable due to positional vacancies (\$60K) and less than budgeted contracted services (\$58K). This variance is -\$59K more unfavourable than projected due to higher than budgeted employee benefits (-\$25K) and timing of audit fees related to the preparation of the 2025 Financial Statements (-\$35K).
- Customer Care & Billing expenses are -\$61K unfavourable due to unmet vacancy adjustment and higher than budgeted benefit costs (-\$159K) offset by savings from contracted services (\$75K) and postage (\$11K).
- Treasury & Risk expenses are \$600K favourable due to salary and wage savings from three vacant positions (\$285K) and lower than budgeted insurance premiums (\$313K). The actual expense variance is \$120K more favourable than projected due to lower insurance premiums than expected.
- Supply Chain expenses are -\$138K unfavourable due to unmet vacancy adjustment (-\$84K) and higher than budgeted payroll benefits (-\$40K). The actual variance is -\$54K more unfavourable than projected in November due to yearend benefits adjustments not included in the November projection.
- Internal Revenues are -\$309K unfavourable primarily due to lower insurance recoveries as a result of decreased insurance premiums. This decrease to insurance premiums was not projected in November.
- Amortization of capital assets was \$70K favourable due to less than anticipated spending on capital projects.

FINANCE

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Unit 4 Posting Structure Amendment was completed and implemented.
- Service level inventory costing.
- 2026 budget update and budget efficiency reduction approved by Council.
- Onboarded new Council with Finance 101 session.

Planned Next Four Months

- MNP will conduct the annual audit of the December 31, 2025, financial statements. The yearend financial report will be presented to Audit Committee.
- Declaration of the Assessment roll on January 20, 2026, and preparation and mailing of the 2026 Assessment Notices on February 27, 2026.
- Tax recovery proceedings such as tax sale auction, tax notification, and lien registrations on March 31, 2026.

FINANCE

For the Period Ended December 31, 2025

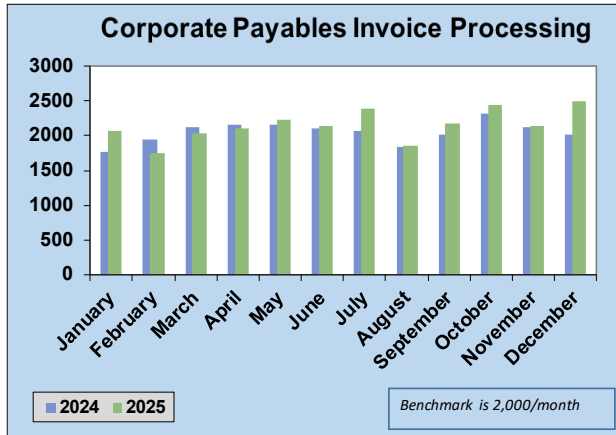
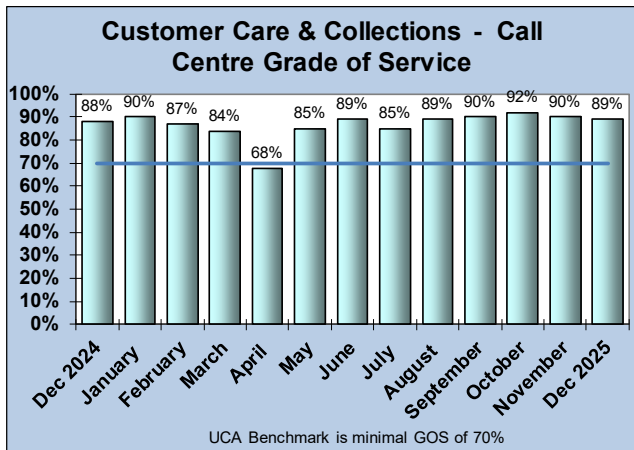
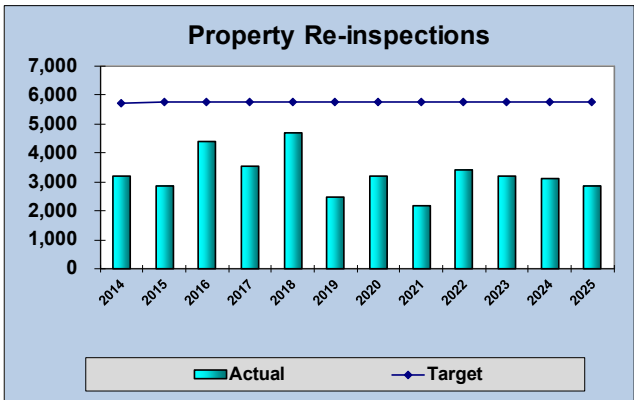
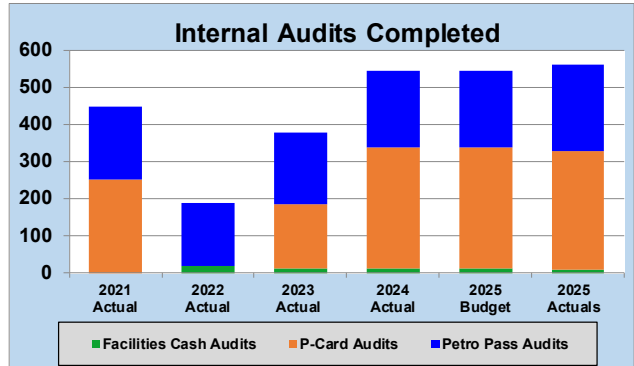
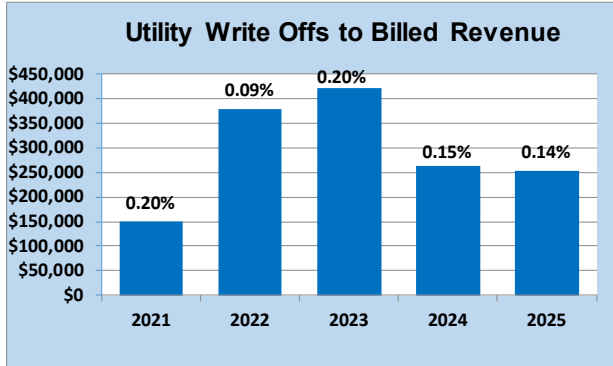
Report on Business Plan Goals

<p>Customer Service Optimization</p> <p>Ensure optimal customer service experience of internal and external customers.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Procurement 101 training rolled out to the organization and completed by staff. 2. Assessment attended the spring home and garden trade show. 3. Successful implementation of the tax software, Tempest, with additional features online for residents to get tax information and eBilling. 4. Work completed with Corporate Planning and Performance (CPP) to determine the costing on the service level inventory items for Phase 1 of the project. 5. Unit4 Posting Structure Amendment was completed and changes were implemented. 6. Work continued on the management report revitalization project.
<p>Supporting and Developing our Team Talent</p> <p>Create a supportive, positive work culture by promoting a safe workplace, both physically and psychologically, that allows employees to express their ideas and thoughts and pursue corporate opportunities, objectives, and goals.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. The Fall Finance Connect sessions were held with each team. 2. Provided new opportunities for finance staff to backfill and provide coverage for short term vacancies (e.g. Senior Accounting Assistant and Accounts Payable Clerk). 3. Staff participated and provided feedback in corporate culture commitment sessions. 4. Staff participated in customer service training: Dealing with Difficult People/Situational Awareness. 5. Alberta Assessor Association Conference: staff attended pre-conference training and the full conference. 6. Accounting staff attended 2025 Government Finance Officer Association conference in June. 7. Customer Care staff members attended the Alberta Municipal Taxation Professional Association (AMTPA) conference in September.
<p>Financial Wellbeing</p> <p>Ensure the city has healthy finances and long-term financial stability, while maintaining organizational health, resilience, and compliance with regulatory bodies.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Investment portfolio generated a return of 11.16% which was 1.69% above the benchmark. 2. Developed a template to include budget amendments and other scenario analysis to highlight the impact on the corporate fiscal targets (tax impact, budget gap, cash, debt). 3. Cyber risk insurance study completed; recommendations will be implemented. 4. Continue to monitor the impact of U.S. tariffs. 5. Eighty-six assessment appeals were filed in 2025 - five appeals were withdrawn, seventy-nine were mutually adjusted, and two went to the appeals review board for decision.
<p>Enterprise Risk Management (ERM) Enhancement</p> <p>Strengthen the city's ERM framework by fostering a culture of risk awareness and proactive management across all departments. This includes engaging departmental directors and risk owners, conducting comprehensive risk assessments with the departments and monitoring and reporting on the risks with the intent to mitigate, reduce or eliminate the enterprise risks to an acceptable level.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Developed cross-departmental risk committee that meets monthly to review the risk register and discuss emerging risk items. 2. Met with each risk owner and updated the risk register. 3. Developed operational risk template and transitioned this to the departments and asset management to complete.

FINANCE

For the Period Ended December 31, 2025

Report on Performance Measures



FLEET & FACILITIES

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Facilities Management	\$ 166	\$ 146	\$ (20)	\$ (17)	\$ 149	
Fleet Services	-	71	71	85	85	1
Administration	-	(2)	(2)	-	-	
	166	215	49	68	234	
Expenses						
Facilities Management	6,106	6,555	(449)	(375)	6,481	2
Fleet Services	8,234	7,638	596	715	7,519	3
Administration	485	411	74	100	385	4
Project Management	610	288	322	275	335	5
	15,435	14,892	543	715	14,720	
Net Surplus (Deficit) before Internal Cost Allocations	(15,269)	(14,677)	592	783	(14,486)	
Internal Revenue	27,991	26,325	(1,666)	(1,684)	26,307	6
Internal Expenses	11,059	10,219	840	690	10,369	6
	16,932	16,106	(826)	(994)	15,938	
Net Surplus (Deficit) before Cash Adjustments	1,663	1,429	(234)	(211)	1,452	
Interest Expense	(504)	(753)	(249)	(189)	(693)	7
Principal	(1,504)	(1,737)	(233)	(233)	(1,737)	7
Transfer to One-time Expenses and Initiatives	(100)	(100)	-	-	(100)	
Transfer to Reserves (expense)	(5,711)	(4,945)	766	693	(5,018)	8
Net Cash Surplus (Requirements)	\$ (6,156)	\$ (6,106)	\$ 50	\$ 60	\$ (6,096)	
Amortization	(14,082)	(11,772)	2,310	-	(14,082)	9
Gain (Loss) on Disposal of Assets	-	(49)	(49)	(95)	(95)	
Accretion of Asset Retirement Obligations	(42)	(77)	(35)	-	(42)	
Net Surplus (Deficit)	\$ (20,280)	\$ (18,004)	\$ 2,276	\$ (35)	\$ (20,315)	

OPERATING NOTES

- Fleet Services revenue is \$71K favourable due to increased third-party billing from Compressed Natural Gas stations.
- Facilities Management expenses are -\$449K unfavourable due to higher than anticipated employee benefits and unmet vacancy adjustment (-\$299K) and increased contracted services and materials due to inflationary pressures (-\$122K and -\$28K, respectively). The actual variance is -\$74K more unfavourable than projected due to higher than expected maintenance costs in December.
- Fleet Services expenses are currently \$596K favourable due to reduced fuel usage and lower fuel prices following suspension of federal carbon taxes (\$875K) and lower than anticipated contracted services usage (\$76K) and sublet services (\$57K). This is offset by higher than budgeted parts and tires expense (-\$231K) and supplies (-\$187K) due to inflation. This variance is less favourable than projected due to higher fuel prices (-\$82K), increased fees for contracted services (-\$40K) and yearend adjustment for employee benefits (-\$40K).
- Administration expenses are \$74K favourable due to savings from contracted services which were not utilized in the year.
- Project management expenses are \$322K favourable due to vacant staff positions.
- The net unfavourable internal revenue variance and favourable internal expense variance of -\$826K is due to lower than anticipated lease revenues related to capital asset replacement deferrals (based on condition and review of scope), timing of lease start dates based on capital asset deliveries, and lower recoveries and expenses related to fuel usage, unit repair costs and removal of carbon tax. The net variance is more favourable than projected due to a continuation of the above trends.
- Interest expense and principal are -\$249K and -\$233K unfavourable, respectively, due to timing of prior year's capital expenses and related borrowings. Interest expense variance is -\$60K more unfavourable than projected due to yearend interest adjustment.
- Transfer to Reserves (expense) is \$766K favourable due lower than budgeted lease revenues (-\$683K), losses on disposals of assets (-\$49K) and less than budgeted insurance expenses (-\$16K). This is more favourable than projected due to less lease revenue in December.
- Amortization is \$2.3M favourable due to asset disposals and less than anticipated spending on capital projects. This variance was not projected in November.

FLEET & FACILITIES

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Successful hiring of a Facilities Senior Operator 7. This position was vacant due to a retirement.
- Finalized the purchase of six new transit buses; delivery is anticipated August 2026. Partial funding supplied through the Investing in Canada Infrastructure (ICIP) grant program.
- Work has been completed on the Fleet Services Critical Assets listing.
- Two police units have been completed and have been placed into service. Another two units, one for Special Weapons and Tactics (SWAT) and one for K9, are on order with upfitting to be completed upon arrival.
- Ongoing specifications development and procurement in progress for scheduled capital fleet replacements.
- Continued 2025 Facilities Management (FM) capital projects program.
- Applied and received further grants for light-emitting diode (LED) energy efficient upgrades with Municipal Climate Change Action Centre (MCCAC) grant funding.
- Participated in Unit4 pilot project for commitment accounting and updated management reporting. Capital project reporting being integrated into the new management reporting tool.
- Year 1 Asset Management Program review completed and assisted as requested with departmental action items.
- 2025 Canadian Core Public Infrastructure reporting completed and submitted as regulatory requirement reporting (StatsCan).
- City of Medicine Hat (CMH) Asset Management SharePoint site taken live.
- Critical Asset checklist developed for utilization in 2027-2028 budget and departmental Asset Management plans.
- Launch of new INSite pages for Fleet & Facilities.

Planned Next Four Months

- Continuation of Fleet's unit replacement program (specifications and procurement).
- Three Fleet shops working on spring/summer seasonal work on fleet units. This work helps to maintain the fleet department's high level of service that is supplied to operating departments that use fleet units.
- Working with procurement on a process for sale and removal of one of our two post vehicle lifts which will add flexibility to the light duty shop. Bids have been received, with final removal within the next 4 months.
- Working on 2027/2028 Fleet Mobile capital budgets.
- Working on updates to internal Fleet lease methodology, along with updates to the Fleet Reserve.
- Continue Facilities Condition Assessments (FCA) program as per schedule.
- Continue Facilities regulatory inspections, operations, and maintenance.
- Continue to deliver the 2025 capital program, including projects such as: Police Station components, City Hall Heating, Ventilation, and Air Conditioning (HVAC), and accessibility projects at various facilities.
- Year 1 Asset Management (AM) program report and presentation through committees. Program review results reported to AM Governance Committee Q1 2026; scheduled for Executive Leadership Team (ELT) in Q1 2026.
- Continue to improve Asset Management SharePoint site.
- Creation and facilitation of interdepartmental tactical Asset Management Working Group.
- Active member of Budget Committee for 2027-2028 budget.
- Continued collaboration with Budget Office, Corporate Planning & Performance, plus twelve CMH departments with physical/tangible assets.
- Continuous improvement of AM Annual Program Review Tools.
- Posting and hiring of Asset Management support position.
- Continue to integrate and go live with project reporting in Management and Tri-Annual reporting.

FLEET & FACILITIES

For the Period Ended December 31, 2025

Report on Business Plan Goals

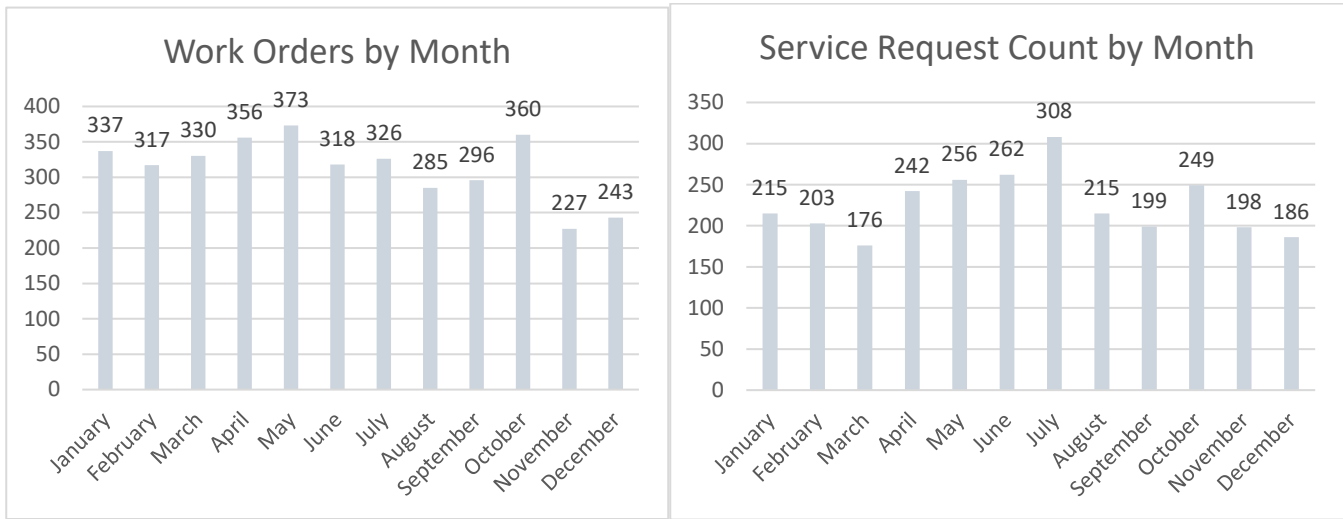
<p>Inter-Departmental Partnerships</p> <p>Maintain interdepartmental partnerships by providing and receiving technical advice, regulatory compliance, and supporting other City of Medicine Hat departments by providing designated levels of service with the minimum amount of service disruption, within approved budgets.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Maintain Facilities Management Level of Service:<ol style="list-style-type: none">a. Complete required engineering and life safety inspections for all applicable facility components.b. Action Recreation & Wellness, Facilities Management to prepare a schedule of existing recreational facilities including for each:<ol style="list-style-type: none">i. Updated Facility Condition Assessment.ii. Potential demolition costs.iii. Average annual operating cost to be utilized and considered as part of Facilities for the Future analysis developed by Parks & Recreation.c. Complete required condition assessments within Facilities (4-year cycle) and maintain updated asset plans.2. Maintain Fleet Level of Service:<ol style="list-style-type: none">a. Complete required Commercial Vehicle Inspection Program for all applicable Fleet units.b. Complete required condition assessments within Fleet (4-year cycle) and maintain updated asset plans.3. Maintain Corporate Asset Management Program:<ol style="list-style-type: none">a. Complete annual Corporate Asset Management Program review and required submissions of updates as per regulatory requirements and assist Corporate Asset Management Program application with other departments including capital budget planning and allocation of funding.
<p>Asset Management Program</p> <p>Track and report asset management program progress and results, as per Corporate Asset Management Policy Number 0181.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Present 2025 program review through the Executive Leadership Team (ELT), Admin Committee, Corporate Services Committee and Council via Consent Agenda.2. Planning 2026 Annual Review Programs with participating departments.3. Hosted, facilitated, and attended fourteen workshops/webinars/lunch & learn type AM related events.4. Collaboration with Budget Office, Corporate Planning & Performance, Emergency Management on overlapping initiatives and reducing duplication of effort.5. Collaboration with operational departments (owners/managers of tangible/physical assets) on action items stemming from 2025 program review.6. Development of Critical Asset checklist.7. CMH Asset Management SharePoint site live.8. Completed regulatory required Corporate Core Public Infrastructure (CCPI) survey (2024) with impacted departments.
<p>Project Management</p> <p>Track and report capital projects.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. The Project Management manual has been published.2. Corporate dashboard for project reporting being developed in line with updated management report process and tool, reporting on capital spending performance, including project budget, spend, stage of completion, ongoing risk levels, and anticipated completion date.

FLEET & FACILITIES

For the Period Ended December 31, 2025

Report on Performance Measures

Facilities Management



Fleet Services



INFORMATION TECHNOLOGY

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Administration	\$ -	\$ 4	\$ 4	\$ -	\$ -	
	-	4	4	-	-	
Expenses						
Administration	1,206	1,055	151	86	1,120	1
Application Services	2,307	2,444	(137)	(129)	2,436	2
Technical Services	5,014	4,619	395	167	4,847	3
Technology Software / GIS	2,904	2,579	325	162	2,742	4
	11,431	10,697	734	286	11,145	
Net Surplus (Deficit) before Internal Cost Allocations	(11,431)	(10,693)	738	286	(11,145)	
Internal Revenue	11,323	11,324	1	-	11,323	
Internal Expenses	764	765	(1)	-	764	
	10,559	10,559	-	-	10,559	
Net Surplus (Deficit) before Cash Adjustments	(872)	(134)	738	286	(586)	
Interest Expense	(73)	(123)	(50)	(42)	(115)	5
Principal	(1,076)	(1,337)	(261)	(261)	(1,337)	6
Transfer to One-time Expenses and Initiatives	(1,098)	(1,098)	-	-	(1,098)	
Net Cash Surplus (Requirements)	\$ (3,119)	\$ (2,692)	\$ 427	\$ (17)	\$ (3,136)	
Amortization	(2,318)	(2,028)	290	-	(2,318)	7
Net Surplus (Deficit)	\$ (5,437)	\$ (4,720)	\$ 717	\$ (17)	\$ (5,454)	

OPERATING NOTES

- Administration expenses are \$151K favourable due to staff vacancies (\$185K) and less than budgeted materials costs (\$37K) offset by higher telecommunication expenses (-\$76K) related to contract changes. The actual variance is \$65K more favourable than projected due to salaries, wages and benefits (\$43K) and materials purchased (\$32K) being lower than anticipated.
- Application Services expenses are -\$137K unfavourable due to higher salaries and wages, primarily from an unmet vacancy adjustment (-\$100K) and overtime (-\$13K).
- Technical Services expenses are \$395K favourable due to deferral of software support and hardware maintenance expenses (\$344K), as well as less than budgeted professional fees (\$78K) and mail room expenses (\$72K), offset by unmet vacancy adjustment (-\$88K) and overbudget office supplies (-\$10K). Actual variance is \$228K more favourable than projected due to a software purchase that was delayed to 2026.
- Technology Software/GIS expenses are \$325K favourable due to lower utilization of contracted services (\$183K) and continued staff vacancies (\$135K). The lower utilization of contracted services was not projected in November.
- Interest expense is -\$50K unfavourable due to timing of borrowing on capital projects.
- Principal is -\$261K unfavourable due to timing of borrowing on capital projects.
- Amortization is \$290K favourable due to delayed spending on capital projects. This variance was not projected in November.

INFORMATION TECHNOLOGY

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Managed 3,853 service calls, successfully closing 3,829, with a customer satisfaction score of 4.55/5 (91%). Call intake was consistent with Q3, with an increase in 342 closed calls. During this time, the Information Technology (IT) Student position helped mitigate a Service Desk staffing shortage.
- The IT Services Assessment Report was presented to the Executive Leadership Team (ELT), confirming that the IT department is providing strong service and value to the organization.
- Key Cybersecurity initiatives:
 - Implemented Arctic Wolf 7x24 Managed Detection service that addresses a significant gap in the city's cybersecurity defences.
 - Completed planning, implementation, and training for Microsoft Defender.
- Advanced the Utility Network Geographic Information System (GIS) project:
 - Phase 1 - Environmental Utilities was completed on time and within budget.
 - Phase 2 - Gas Utility is in planning preparation, with execution scheduled to begin in the fall.
- Completed the network refresh cutover for the Operational Technology (OT) Network Refresh Project.
- Completed the Advanced Metering Infrastructure (AMI) Regional Network Interface (RNI) upgrade, improving system reliability and performance on the OT AMI upgrade project.
- 2026 Capital Improvement Program (CIP) Initiatives planning and preparations: completed system requirements analysis, market assessment, and procurement process preparations (with Purchasing) to support quick procurement for Data Center Technology and Cybersecurity Infrastructure refreshes.
- Windows 11 migration completed with over 1,400 devices updated over the year.
- Continued progress on the Records Management System transition, the migration plan and roadmap were presented to the Senior Leadership Team (SLT) to confirm alignment.
- Advanced the document migration project within Community Development, completing migration activities with the Operational Support Assistants.
- Completed the setup of the Microsoft 365 Adoption and Change Management program and delivered four Microsoft 365 application training sessions.
- Completed the annual Unit4 system update and deployed Finance's Posting Structure Amendment changes.
- Finalized the migration plan for transitioning Unit4 from Oracle to SQL Server with cutover targeted for the end of April 2026.
- IT Managers covered for the vacant IT Director position.

Planned Next Four Months

- Procure and implement key Capital Improvement Program (CIP) initiatives:
 - a. Data Center Technology Refresh (replace end of life servers, storage, supporting systems) at two data centers.
 - b. Corporate Cybersecurity Infrastructure Refresh (replace end of life firewalls, supporting services and systems).
 - c. Remote Access Technology Refresh – procure & implement remote access technologies to support IT-intensive remote users and workloads.
- Cybersecurity 7x24 Managed Detection service: implement "response" functions to quickly detect and respond to active cybersecurity issues on the city's corporate network.
- Onboarding and orientation of new IT Director.
- Formalize a strategic plan to act on recommendations from the IT Services Assessment report and improve service delivery across the IT department.
- New IT Service Management tool implementation, Freshworks, to replace the department's old IT Service Management (ITSM) system, Cherwell, with a target to implement in Q2 or Q3 2026.
- Make significant progress on the Records Management System transition by completing three of five migration waves and supporting the City Clerk's office with the Agenda Management Software replacement project.
- Continue delivering Microsoft 365 Adoption and Change Management services through: monthly webinars, ask an expert sessions, white glove coaching, new employee onboarding, and best practice reference materials.
- Complete the Unit4 ERP database migration in April 2026 and begin the Unit4 ERP Cloud Migration project with cloud migration targeted for October 2026.
- Assist Gas Distribution in upgrading their GIS environment and data model to the latest GIS Utility Network format.
- Support Operational Technology (OT) in aligning standards to National Institute of Standards and Technology (NIST) controls and developing generalized, department-level procedures.

INFORMATION TECHNOLOGY

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Advanced Collaboration Ecosystem</p> <p>In an era of digital transformation, efficient, effective, and secure information management is not optional – it’s a strategic necessity. As our municipality faces growing information volumes, diverse data sources, and evolving compliance demands (both public and internal), the importance of a platform that enables clear processes and best practices for collaborating, capturing, organizing, and maintaining corporate records cannot be overstated. To achieve this effectively, a robust technology platform is essential.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Established Microsoft 365 Adoption and Change Management services through: monthly webinars, ask an expert sessions, white glove coaching, new employee onboarding, and best practice reference materials.2. Presented the OnBase-to-SharePoint migration roadmap to the Senior Leadership Team (SLT), of which alignment was confirmed. Target completion date of September 2026.3. Document migration to SharePoint continues in collaboration with Community Development, with migration activities completed for the Operational Support Assistants.4. Salesforce displacement work continues to progress, with a SharePoint based solution under development for the Land and Real Estate and Economic Development teams.5. Expanded Power Platform automation work, Power BI release expected Q1 2026.6. Upgraded Microsoft 365 licensing from E3 to E5, enabling enhanced capabilities.
<p>Core Enterprise Systems Advancement</p> <p>The support and advancement of our core Enterprise Systems (ES) is crucial for the business units that rely on them. The efficiency and effectiveness of these systems significantly impact the level of service that is possible with available resources. Information Technology plays a pivotal role in guiding, supporting, and assisting with the continuous improvement of our Enterprise Systems, while ensuring alignment with Enterprise Systems Governance Committee (ESGC) principles.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Unit4 Cloud Migration planning has advanced, with the first milestone database migration scheduled for Spring and the full cloud migration targeted for Fall 2026.2. Finance’s Unit4 Business Transformation initiatives continue to progress, including the delivery of Inventory Changes and Posting Structure Amendment updates in October 2025.3. Completed the Cityworks Functional Health Check, recreation implementation underway (Summer 2026).4. Completed City website migration to GovStack with a refreshed design.5. Utility Network GIS project delivered Phase 1 for Environmental Utilities on time and on budget, and planning for Phase 2 for Gas Utility is underway with execution scheduled for Fall 2026.
<p>Advance Cybersecurity Posture</p> <p>Advancing a comprehensive IT & Operation Technology (OT) cybersecurity posture is essential to ensure the safety, reliability, and trustworthiness of municipal services, data, resources, and infrastructure.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. A major network refresh was completed by Operational, Technology, Software & Intelligence (OTSI) enabling stronger cybersecurity services and improving protection for critical infrastructure.2. Utility Cybersecurity standards review underway; expected completion Q1 2026.3. Completed 2025 NIST Cybersecurity Maturity Assessment in February 2025 with results presented to leadership March 2025. This provides a baseline for ongoing security improvements and guides 2026 planning.4. Launched annual cybersecurity training with 98% completion followed by ‘Cybersecurity Month’ activities.5. Identified limitations in corporate firewalls; temporary loaner solution deployed while 2026 replacement proceeds.6. Advanced cybersecurity initiatives:<ol style="list-style-type: none">a. Successful disaster recovery test of Unit4 with Finance.b. Migration from current Endpoint Detection and Response to Microsoft Defender platform is underway.c. Broader strategy development by strengthening endpoint protections, data security, and recovery planning.

INFORMATION TECHNOLOGY

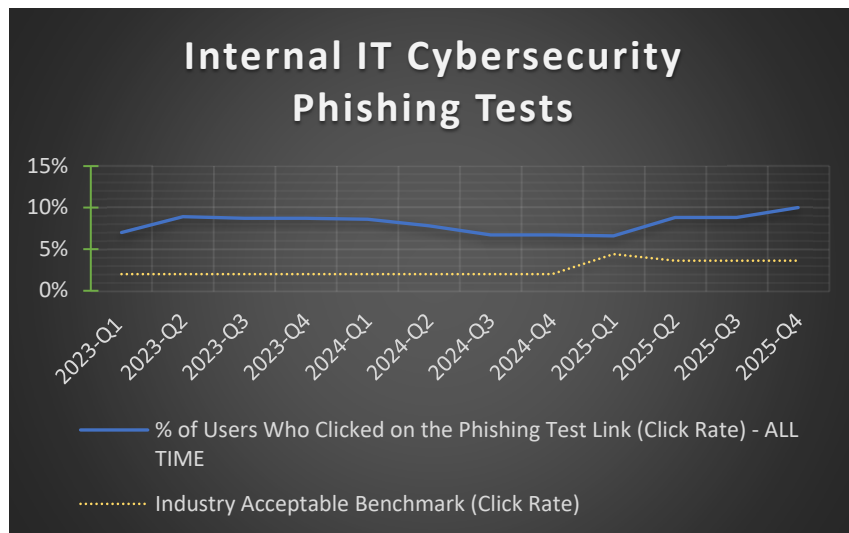
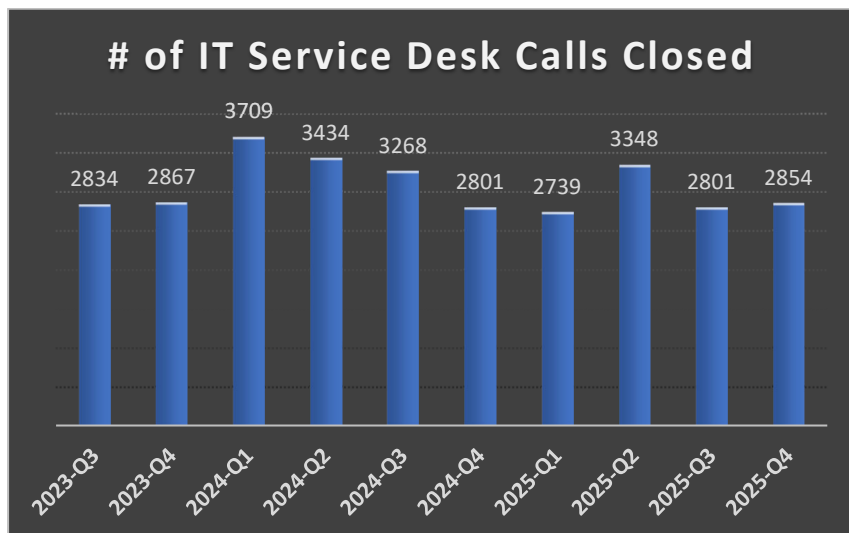
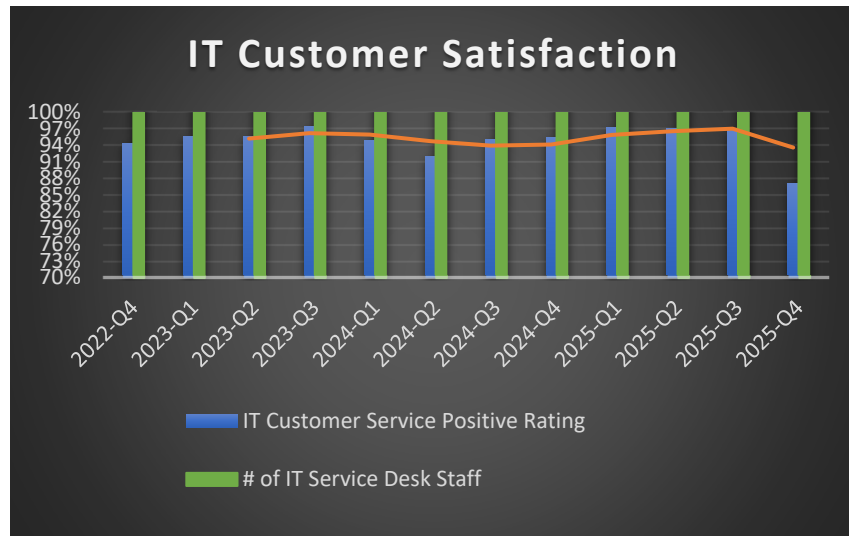
For the Period Ended December 31, 2025

<p>Strategic Asset Management</p> <p>Strategic Asset Management within Information Technology (IT) and Operational Technology (OT) is critical to optimizing resource allocation, reducing costs, enhanced planning, and consistent robust service levels. Replacing assets at the right time for the right reason at the right cost is key. Our efforts will align with the corporate Strategic Asset Management program as it evolves.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. IT Service Management System (ITSM) selection, in which a suitable product has been procured. Implementation will occur between Q1 and Q2 of 2026. OT will select their own system later in 2026.2. Corporate network technology refresh with project nearing full completion (target end of Q1 2026).3. Annual End User Computer Equipment Refresh & Windows 11 upgrade completed in October 2025.4. Continuing the Corporate Telephone System Replacement, moving departments to Microsoft Teams based soft phones. Deployment has started with 4 city departments moved to the new system in 2025. This project will continue throughout 2026.5. Phase 2 Uninterruptable Power Supplies (UPS) Replacement of 10-year-old UPSs in the city's network communication closets. Asset count is about 50 devices housed in over 25 city locations.6. Planning and preparation complete to start procurement in Q1 2026 for refreshed Data Center, Cybersecurity Firewalls, and End User Computing equipment. Key asset monitoring systems were implemented in 2026 to support improved IT Asset Management processes, in alignment with the city's AM initiatives.
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INFORMATION TECHNOLOGY

For the Period Ended December 31, 2025

Key Reporting Metrics



CORPORATE PLANNING & PERFORMANCE

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Expenses						
Corporate Strategy & Analysis	\$ 1,148	\$ 916	\$ 232	\$ 200	\$ 948	1
	1,148	916	232	200	948	
Net Surplus (Deficit) before Internal Cost Allocations	(1,148)	(916)	232	200	(948)	
Internal Revenue	1,017	1,017	-	-	1,017	
Internal Expenses	234	230	4	-	234	
	783	787	4	-	783	
Net Surplus (Deficit) before Cash Adjustments	(365)	(129)	236	200	(165)	
Net Cash Surplus (Requirements)	\$ (365)	\$ (129)	\$ 236	\$ 200	\$ (165)	

OPERATING NOTES

- Corporate Strategy & Analysis expenses are \$232K favourable due to less utilization of contracted services.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Presented the community service level inventory with high-level costing information to Council in October.
- Continued to provide key support to the ongoing Management Reporting project (training, soft launch).
- Presented Non-Profit Operating Grant options to Council for their consideration.
- Continued work on the development and data collection for the long range strategic financial planning tool.

Planned Next Four Months

- Work with Council on the Strategic Plan and 2027-2028 Budget.
- Continue the review process of sewer rates to align sewer rate methodology with the water rate structure.
- Continue to collaborate with Finance and People Services on analysis and report creation.
- Finalize the development and data collection for the long range strategic financial planning tool.
- Finalize analysis and assumptions for the 2027-2028 benefit budget rate.

CORPORATE PLANNING & PERFORMANCE

For the Period Ended December 31, 2025

Report on Business Plan Goals

<p>Strategic Management and Business Support</p> <p>The team will drive new value as a business partner for internal departments and the executive team, by contributing credible analysis that informs strategic decision making. The team will support the strategic planning process that will align with Council strategic priorities and corporate objectives. Qualitative and quantitative analysis will include business case development, benchmarking to help identify areas for focused continuous improvement, and understanding business risks and alternatives with assessment of innovative solutions for the benefit of the organization and community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Continued work on the long-range financial forecast and alignment of resources both internal and external.2. Provided analytical support to several requests from Public Services, including the Southside Recreation Centre and food & beverage margin analysis.3. Presented the community service level inventory to Council.4. Collaborated with People Services on metrics (benefits & full-time equivalent analysis).
<p>Business and Data Analytics</p> <p>Data is the backbone of effective data-driven decision-making. Establishing a framework for data infrastructure, processes and policies is crucial for organizational success. The team will work collaboratively to deliver quality data, credible actionable insights as well as visualization and reporting tools for the organization.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Established a foundational data governance framework and analytics request intake process in collaboration with Information Technology (IT), enabling structured data infrastructure and streamlined support.2. Met with vendors to explore a data governance framework and determine resources required to support this project.3. Delivered initial analytics projects to assist organizational partners and actively working through a prioritized list of requests based on resource availability and business need.

FIRE & EMERGENCY SERVICES

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Communication Centre	\$ 1,228	\$ 1,051	\$ (177)	\$ (182)	\$ 1,046	1
Fire Suppression	446	447	1	(10)	436	
Community Safety	10	10	-	(2)	8	
Training & Logistics	-	37	37	37	37	
	1,684	1,545	(139)	(157)	1,527	
Expenses						
Communication Centre	2,554	2,499	55	86	2,468	2
Administration	1,239	1,197	42	31	1,208	
Fire Suppression	13,606	14,458	(852)	(350)	13,956	3
Community Safety	945	999	(54)	40	905	4
Training & Logistics	527	575	(48)	(11)	538	
	18,871	19,728	(857)	(204)	19,075	
Net Surplus (Deficit) before Internal Cost Allocations	(17,187)	(18,183)	(996)	(361)	(17,548)	
Internal Revenue	948	972	24	21	969	
Internal Expenses	2,913	2,894	19	(30)	2,943	
	(1,965)	(1,922)	43	(9)	(1,974)	
Net Surplus (Deficit) before Cash Adjustments	(19,152)	(20,105)	(953)	(370)	(19,522)	
Interest Expense	(2)	(2)	-	-	(2)	
Principal	(23)	(23)	-	-	(23)	
Net Cash Surplus (Requirements)	\$ (19,177)	\$ (20,130)	\$ (953)	\$ (370)	\$ (19,547)	
Amortization	(312)	(289)	23	-	(312)	
Net Surplus (Deficit)	\$ (19,489)	\$ (20,419)	\$ (930)	\$ (370)	\$ (19,859)	

OPERATING NOTES

- Communication Centre revenue is -\$177K unfavourable due to decreased background check revenue resulting from several other 911 centres in Canada now participating in the backcheck program.
- Communication Centre expenses are \$55K favourable due to lower than budgeted software licensing (\$11K), lower than budgeted business travel (\$13K), and staff vacancies (\$52K), offset by higher than budget office furniture expenses from the upgrading of call centre desks (-\$25K).
- Fire Suppression expenses are -\$852K unfavourable due to higher than budgeted wages, resulting from vacancy adjustment being higher than the savings associated with annual position vacancies and accrual of wages in preparation for future retroactive payouts following collective bargaining. This variance is -\$502K more unfavourable than projected as additional amounts needed to be accrued for 2023 and 2024 due to change in anticipated union agreement settlement assumptions.
- Community Safety expenses are -\$54K unfavourable due to the yearend accrual of wages in preparation for future retroactive payouts following collective bargaining. This variance is -\$94K more unfavourable than projected as additional amounts needed to be accrued for 2023 and 2024 due to change in anticipated union agreement settlement assumptions.

FIRE & EMERGENCY SERVICES

For the Period Ended December 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Executed celebration events for the department's 125th anniversary, including an open house at Fire Station 3 and hosting a Firefighters Gala at Co-op Place.
- Focused on community involvement and building community stakeholders through Fire & Life Safety Educator.

Planned Next Four Months

- Continue preparation for the implementation of the Next Generation 911 call handling system.
- Begin planning for 27/28 budget requirements.
- Focus on current stakeholders and enhance collaboration.
- Deliver 2025 Year in Review Report.

Report on Business Plan Goals

Staff Health and Wellness

Increase focus on staff's health and wellness throughout the entire department.

PROGRESS

1. Fire & Emergency Services (FES) has identified and partnered with a new provider to develop and implement new annual testing for suppression staff. The new testing utilizes Kinetisense, a motion capture program which identifies areas of strength and weakness. Testing is completed annually with individual programs tailored for staff to strengthen areas for improvement, supporting their overall health.
2. FES identified, developed, and implemented a health and wellness program for the 911 communications branch; 85% of employees in 911 Communications completed the newly implemented Wellness program in its first year.
3. FES has successfully identified and partnered with a mental health professional to provide bi-annual check-ins to all emergency services personnel when required. These check-ins will increase the support to staff, identify issues and provide support.
4. FES successfully identified and partnered with an additional chaplain to provide support to staff, mental health partners and the chaplaincy program.

FIRE & EMERGENCY SERVICES

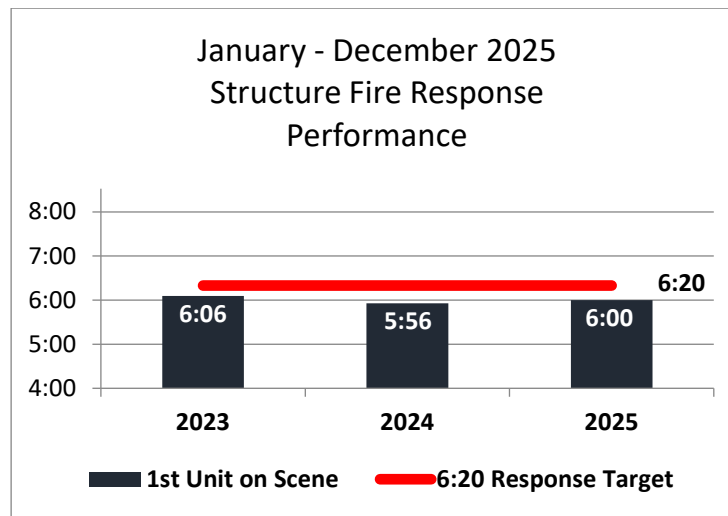
For the Period Ended December 31, 2025

<p>Increase Community Focus and Engagement</p> <p>Creating a strong community focus and engagement in fire services can be transformative for both the fire department and the community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. FES has analyzed the leading cause of fires over the past five years and is currently developing targeted educational content around these causes. This material will be delivered through social media, schools, and other strategic public education opportunities. 2. FES continues to work with Parks to identify Wildland Urban Interface (WUI) areas and create educational programs for residents and businesses near WUI areas. 3. FES continues to develop and promote media campaigns to educate residents on the dangers related to specific risks associated with holidays or time of year, such as Christmas and river awareness.
<p>Technology</p> <p>Leverage technology to improve service delivery and align with Fire & Emergency Services' vision to remain progressive and innovative.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. New mobile data terminals were successfully delivered and installed in all frontline apparatus. This new hardware will improve both data exchange and system performance for frontline responders. 2. FES implemented APX as a new software platform for Life Safety Checks and Commercial Business Inspections, Fire Investigations and Property Pre-Plans. 3. Next Generation 911 and its implementation remain an ongoing project as the project has seen numerous delays, including the Canadian Radio-television and Telecommunications Commission (CRTC) deadline moving from 2025 to 2027.
<p>Strategic Partnerships</p> <p>Focus on strategic partnerships.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. A series of collaborative meetings continue to be organized and scheduled with Medicine Hat Police Service (MHPS), HALO Air Ambulance, and County Fire Departments.

FIRE & EMERGENCY SERVICES

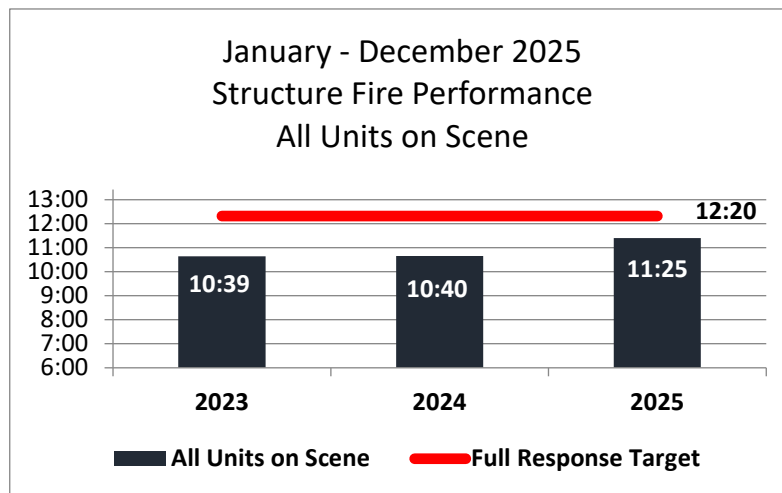
For the Period Ended December 31, 2025

Report on Performance Measures



Fire & Emergency Services strives to respond with the first arriving Engine Company within 06:20 minutes 90% of the time (90th percentile performance). This Council-approved response time target for first-arriving engines is based on National Fire Protection Association (NFPA) Standards, tenability for occupants in burning buildings, and time to collapse when a fire is impinging on structural floor members.

The graph above illustrates that in this 2025 reporting period, Fire & Emergency Services responded to structure fire incidents within 06:00 minutes 90% of the time. In 2024 (Jan-Dec), the 90th percentile performance time was 05:56. Fire & Emergency Services monitors this response time data continually and looks forward to continuously improved performance with operations now at relocated fire stations.

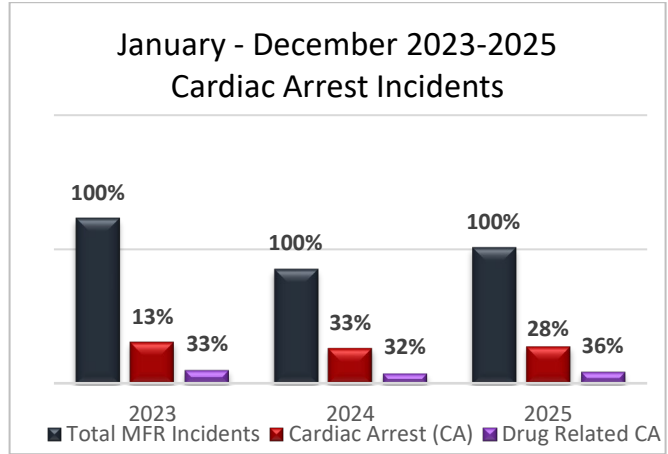
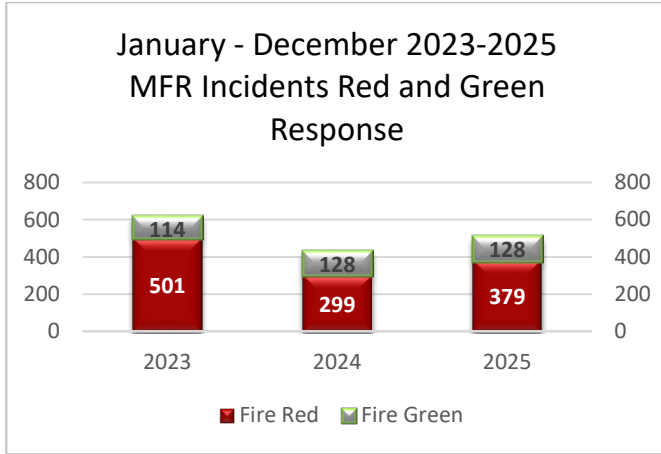


Fire & Emergency Services strives to place two Engine Companies and one Ladder Company on scene in 12:20 minutes 90% of the time (90th percentile performance).

The graph above illustrates that in this 2025 reporting period, Fire & Emergency Services placed all units on scene in 11:25 minutes 90% of the time. In 2024 (Jan-Dec), the 90th percentile performance was 10:40. Fire & Emergency Services monitors this response time data continually and looks forward to continuously improved performance with operations now at relocated fire stations.

FIRE & EMERGENCY SERVICES

For the Period Ended December 31, 2025

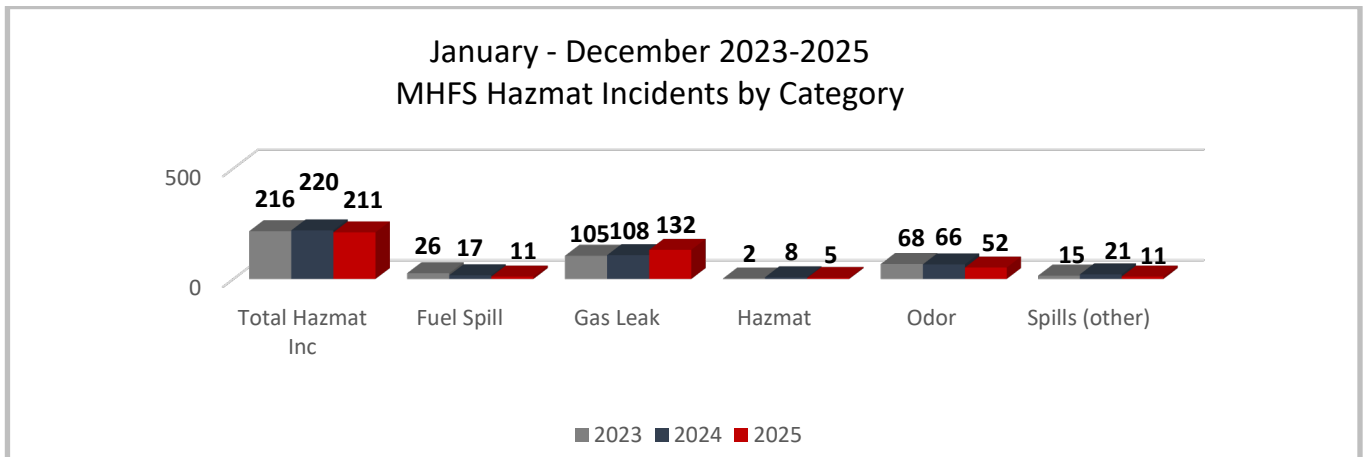


Early intervention in serious medical emergencies improves patient outcomes. Fire & Emergency Services (FES) specifically tracks cardiac arrests and drug-related cardiac arrests as a measure of time-sensitive, life safety response. The response is achieved with a full engine company response to keep engine crews intact and ready to respond to the next emergency.

Dollar Value Saved/Building and Contents Value January – December 2025



Early arrival by Fire & Emergency Service crews reduces the percentage of dollar loss of buildings and contents. This property saving Key Performance Indicator (KPI) indicates that in 2025 Fire & Emergency Services saved 89.37% of the value of buildings and contents involved in structure fires.



Hazardous materials response KPI's can be a measure of life safety and environmental protection, however most calls are related to environmental protection in one way or another. As Hazardous Materials (HAZMAT) incidents have increased over the years, training of firefighters has changed from an Advanced Response Team responsibility to a platoon responsibility. All firefighters are trained to the HAZMAT Technician level (NFPA).

FIRE & EMERGENCY SERVICES

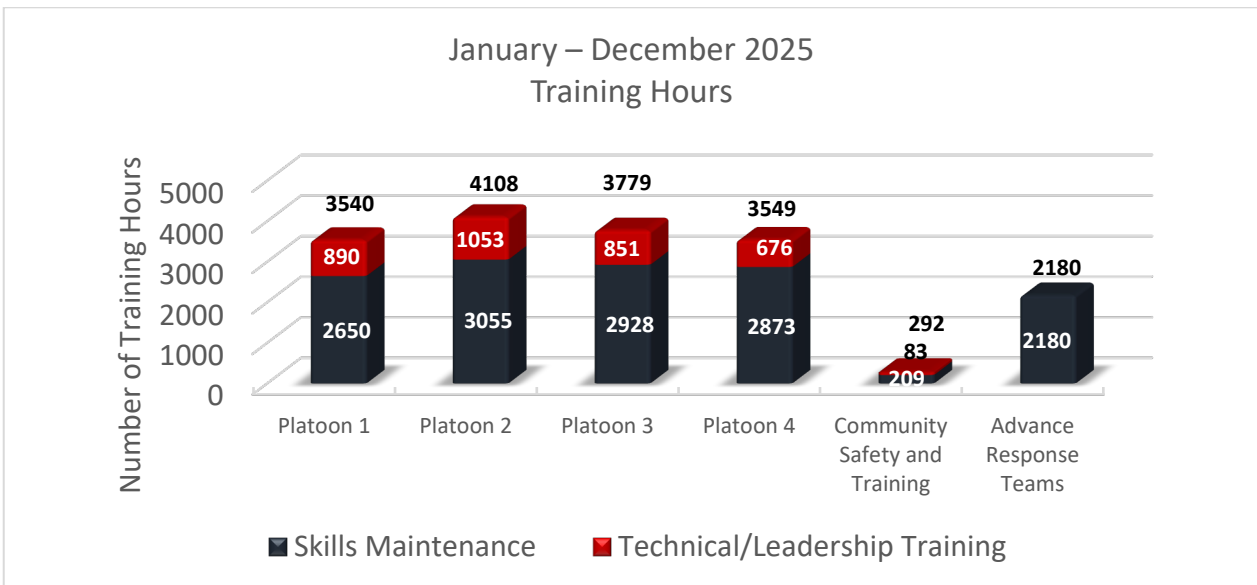
For the Period Ended December 31, 2025

Responding with well-equipped and well-trained people assists Fire & Emergency Services in delivering a high level of service to residents and visitors of Medicine Hat. This KPI measures how we are doing in delivering training to those that are in leadership positions within the Department.

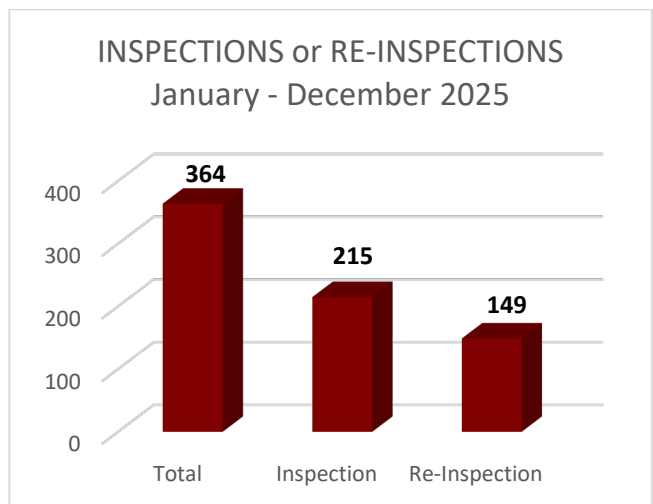
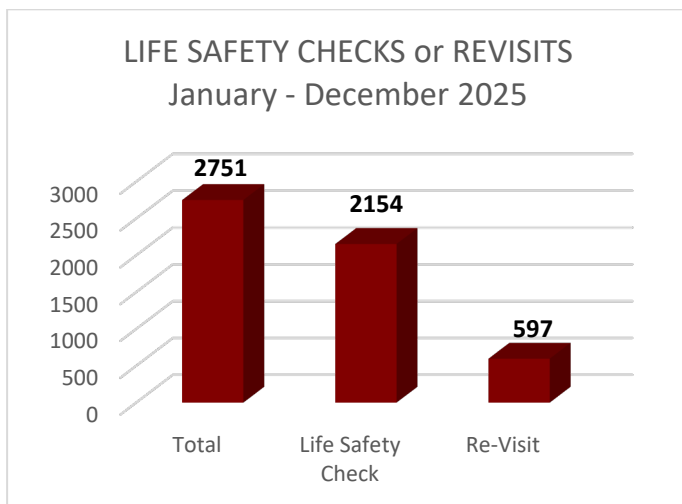
Training Completed as of
January – December 2025



This KPI tracks the number of hours Fire & Emergency Service members spend in both Skills Maintenance Training and Technical/Leadership Training.



Number of Life Safety Checks (LSC) and Inspections completed:

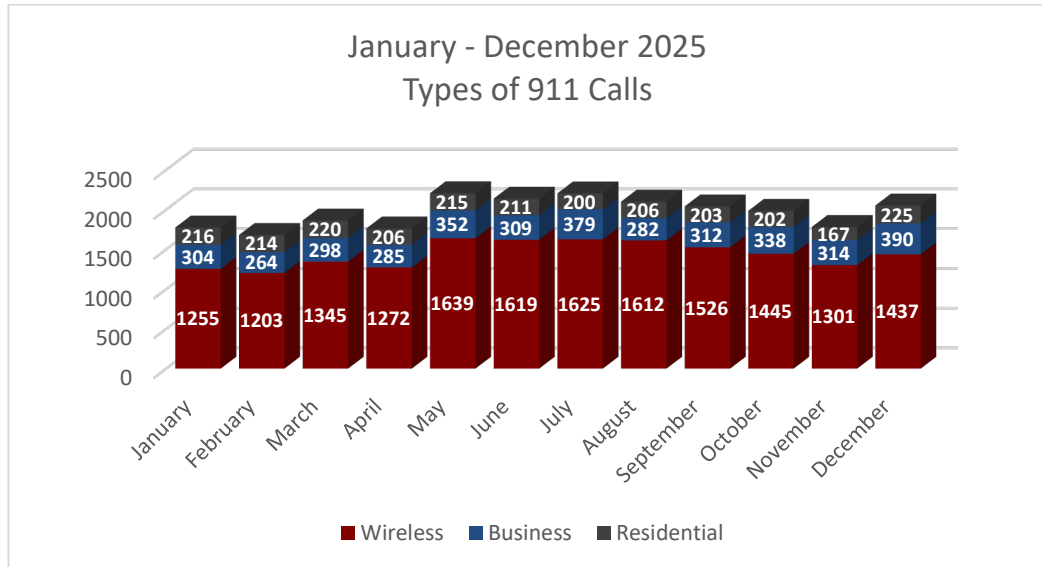


FIRE & EMERGENCY SERVICES

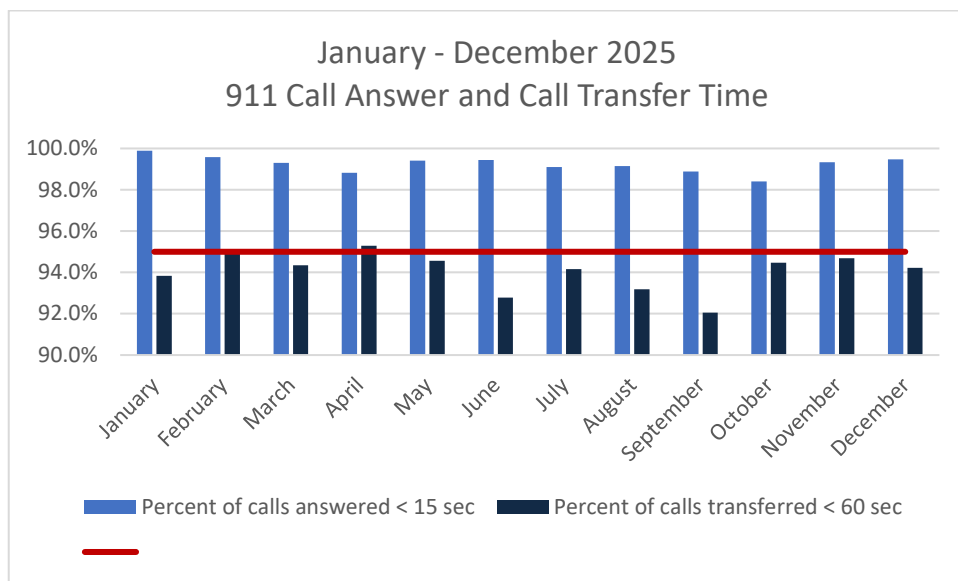
For the Period Ended December 31, 2025

Life Safety Checks (LSC) and Inspections are key components of a fire-safe community program. Firefighters and Fire Prevention Officers perform LSCs and inspections throughout the year, collaborating with the business community to keep their businesses safe from fire and contribute to the community's economic prosperity. Fire & Emergency Services strives to work with business owners to achieve compliance without revisits to reduce costs.

Communication Centre KPI's



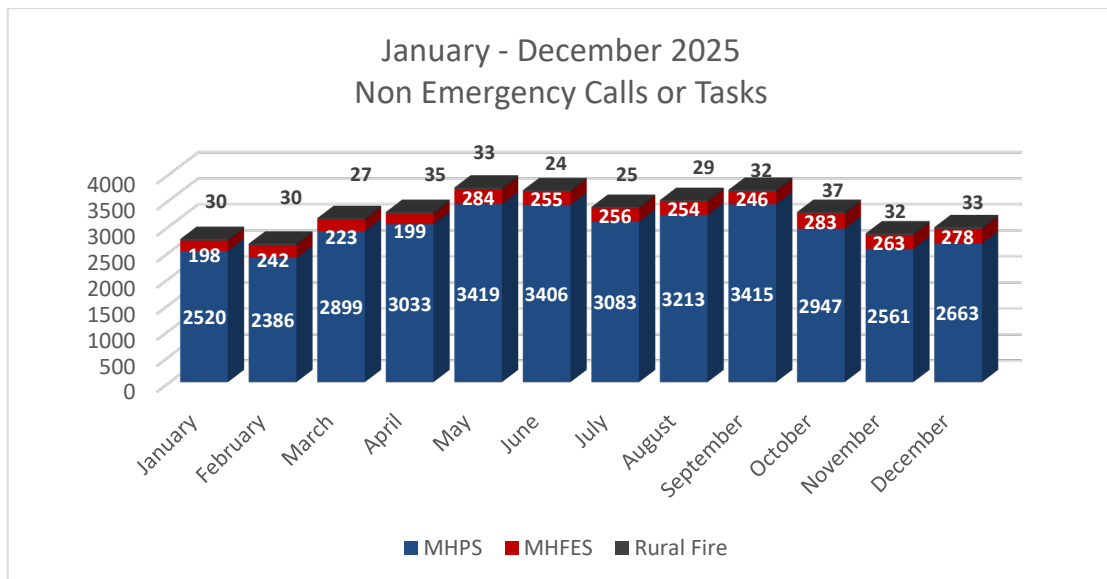
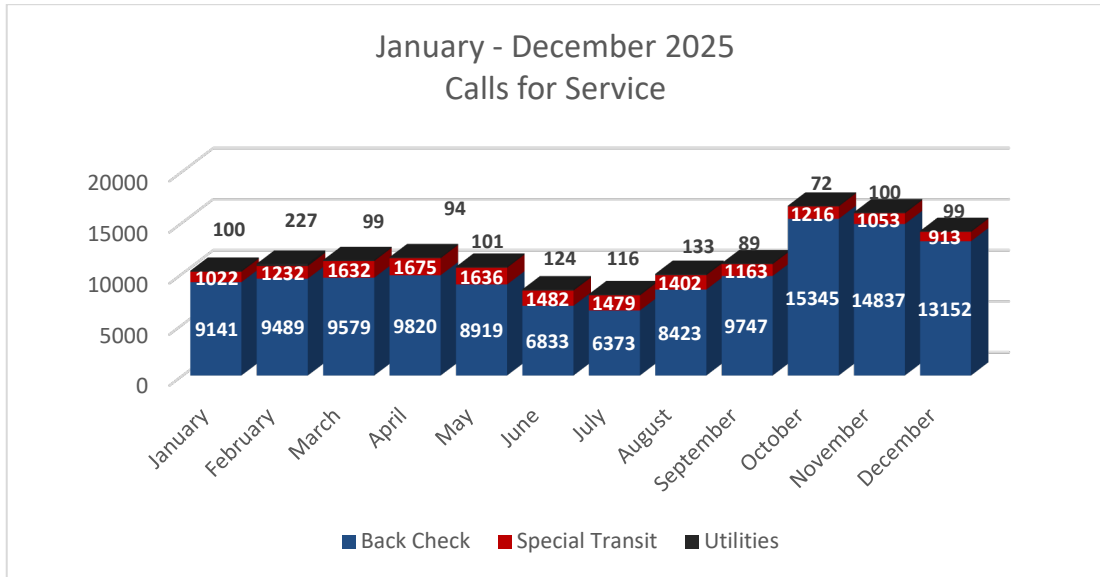
Alberta E9-1-1 Advisory Association (AEAA) collects the wireless 911 fees from the wireless carriers and distributes the funding through the 911 grant program to Public Safety Answering Points (PSAPS) that qualify by meeting Alberta 911 standards. Wireline telephone companies (TELUS, Bell, and Shaw) also distribute funding to Primary PSAPS.



Alberta 911 Standards require 911 call answer to occur within 15 seconds 95 percent of the time, and call transfer time to occur within 60 seconds 95 percent of the time.

FIRE & EMERGENCY SERVICES

For the Period Ended December 31, 2025



PARKS & RECREATION

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Administration	\$ 312	\$ 303	\$ (9)	\$ (2)	\$ 310	
Parks	1,813	2,098	285	128	1,941	1
Asset Planning & Business Services	16	51	35	57	73	
Recreation	4,661	5,317	656	533	5,194	2
	6,802	7,769	967	716	7,518	
Expenses						
Administration	1,102	1,131	(29)	(27)	1,129	
Parks	7,432	8,675	(1,243)	(1,033)	8,465	3
Asset Planning & Business Services	1,650	1,660	(10)	(41)	1,691	
Recreation	9,357	10,006	(649)	(368)	9,725	4
	19,541	21,472	(1,931)	(1,469)	21,010	
Net Surplus (Deficit) before Internal Cost Allocations	(12,739)	(13,703)	(964)	(753)	(13,492)	
Internal Revenue	70	132	62	58	128	5
Internal Expenses	9,467	9,760	(293)	(126)	9,593	6
	(9,397)	(9,628)	(231)	(68)	(9,465)	
Net Surplus (Deficit) before Cash Adjustments	(22,136)	(23,331)	(1,195)	(821)	(22,957)	
Interest Expense	(305)	(545)	(240)	(180)	(485)	7
Principal	(826)	(972)	(146)	(146)	(972)	7
Transfer to Capital	(1,075)	(1,075)	-	-	(1,075)	
Net Cash Surplus (Requirements)	\$ (24,342)	\$ (25,923)	\$ (1,581)	\$ (1,147)	\$ (25,489)	
Amortization	(6,333)	(6,250)	83	-	(6,333)	8
Net Surplus (Deficit)	\$ (30,675)	\$ (32,173)	\$ (1,498)	\$ (1,147)	\$ (31,822)	

OPERATING NOTES

- Parks revenue is \$285K favourable due to higher than anticipated lease agreement (\$10K), sponsorship revenue (\$10K), sports field and facility rentals (\$82K), camping revenue (\$149K), and higher than budgeted cemetery donations (\$27K). This variance is \$157K more favourable than projected due to unanticipated December grave preparation charges (\$50K), unprojected yearend deferred revenue recognition of camping fees (\$28K), and unprojected revenue from the recognition of deferred revenue for the Tree Replacement Program (\$54K).
- Recreation revenue is \$656K favourable due to unbudgeted lease revenue (\$66K), advertising revenue (\$23K), fitness fees (\$69K), admissions (\$26K), and increased facility usage resulting in increased facility rentals (\$209K) and ice rentals (\$309K). This favourable variance is offset by lower than budgeted pool admissions (-\$72K). This variance is \$123K more favourable than projected due to higher than average December ice rentals, admissions, and membership purchases at Big Marble Go Centre (BMGC).
- Parks expenses are -\$1.2M unfavourable due to higher than budgeted wages (-\$685K: -\$309K to meet season requirements at Echo Dale, Gas City Campground and Cemetery, -\$376K for additional staff support for parks maintenance, turf maintenance, encampments, vandalism, and damages) and higher than budgeted contracted services of -\$416K related to snow removal, irrigation repairs, building and shelter maintenance, and vandalism and encampment cleanup. In addition, -\$202K of tree planting expenses were incorrectly recorded to operations rather than the Growing Canada's Community Canopy project (-\$202K); this will be adjusted for in 2026. This unfavourable variance is offset by underutilized materials and supplies (\$60K). This variance is -\$210K more unfavourable than projected due to the aforementioned tree planting expenses.

PARKS & RECREATION

For the Period Ended December 31, 2025

4. Recreation expenses are -\$649K unfavourable due to higher than budgeted salaries and wages (-\$649K: -\$318K due to increased ice bookings and events at Co-op Place; -\$249K at BMGC to support increased programming; and -\$82K due to higher than budgeted employee benefits) and higher than budgeted materials as a result of increased bookings and programming (-\$85K). This unfavourable variance is offset by lower than budgeted aquatics wages due to Crestwood closure (\$76K). This variance is -\$281K more unfavourable than projected due to December Co-op Place events and yearend accruals for wages, vacation, and benefits that were not factored into the yearend projection.
5. Internal revenue is \$62K favourable due to additional urban forestry work completed.
6. Internal expenses are -\$293K unfavourable due to higher than budgeted utilities (-\$401K) offset by lower than budgeted fleet allocations (\$127K). This variance is -\$167K more unfavourable than projected due to yearend Cemetery irrigation allocations that were not factored into the yearend projection.
7. Interest expense and principal repayments are -\$240K and -\$146K unfavourable respectively due to timing of capital expenditures. The interest expense variance is -\$60K more unfavourable than projected due to the yearend interest allocation that was not factored into the yearend projection.
8. Amortization expense is \$83K favourable due to the timing of capital expenditures. This was not projected in November.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Passed Parks Bylaw at Council.
- Ongoing operations of Animal Pound Services.
- Capital Project wrap ups or pauses for winter season.

Planned Next Four Months

- Conduct Fees and Charges Comprehensive Review after Request for Proposal is evaluated.
- Identify staffing resources in Parks and Recreation.
- Conduct work on 2027/2028 budget assignments.
- Readiness for Spring/Summer opening of commissioning irrigation systems, sports fields, washrooms and other park amenities, including the Gas City Campground on April 1 and Echo Dale first week of June.
- Anticipate action based on council decision on initial design of south-side destination outdoor pool and sports fields in Brier Run.
- Education and Awareness Campaigns for Parks Bylaw Items (drones, trails, river, and picking edible plants).
- Discussing the perpetual care plan and long-term stability for Hillside Cemetery.

Report on Business Plan Goals

Protecting the Natural Environment

Urban forests and the natural environment help improve air quality, enhance biodiversity, and contribute to the overall well-being of communities. With over 700 acres of manicured turf, 3,700 acres of environmental reserve land and approximately 24,000 boulevard and park trees, the Parks and Recreation Department ensures that the City's natural assets are maintained and will be available for generations to come. The department has identified a need for an increased focus on tree canopy health, water conservation and implementation of environmental-related action items from the Parks and Recreation Master Plan.

PROGRESS

1. The department has received approval for the Growing Canada's Communities Canopies Grant submission. The department has commenced work to prepare for tree planting (400 pre dug holes) for spring planting of 2026.
2. The department continues to actively implement water reduction initiatives, where possible. Throughout the summer, staff completed a full shutdown of irrigation systems for several days during a period of high precipitation.
3. Have applied for a grant to update the Urban Forestry Strategic Plan, application will be submitted in 2026.

PARKS & RECREATION

For the Period Ended December 31, 2025

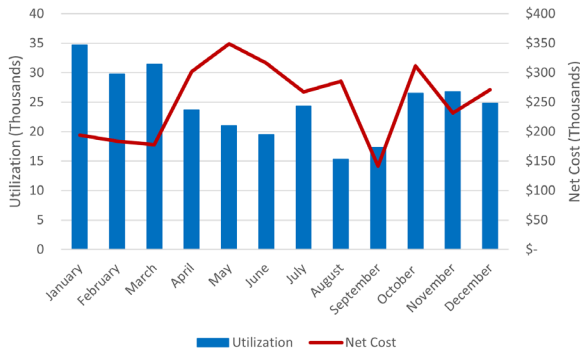
<p>Developing People</p> <p>As the department relies heavily on seasonal, temporary, and part-time staff, in addition to permanent staff, to achieve departmental objectives, a significant number of new staff are onboarded each year. As such, it is important to ensure all staff are continually developed while proactively developing a stronger safety culture.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. The department continues to work on improving Standard Operating Procedures (SOP's) and Hazard Assessments. Work continues on refining training to ensure it provides the desired outcome of improving and demonstrating staff safety competency.2. The departmental "Care to be AWARE!" safety continues to focus on seasonal-specific hazard awareness and safety messaging for staff awareness to promote a positive safety culture.
<p>Planning for the Future</p> <p>Ongoing planning for the City's physical infrastructure, recreation spaces and associated programming is essential to maximizing the value and performance of its assets and amenities. Ranging from open spaces, irrigation assets, parks amenities, facilities and programs that support these amenities, proactive planning is required to ensure investment in recreation is maximized.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Development of the departmental Asset Management plan continues to progress while focusing on higher risk, aging assets. The plan continues to take direction from the City's asset management program.2. Recent work on the Business Impact Analysis will be used to inform decisions related to asset maintenance, operations and ongoing planning for infrastructure needs.3. The Parks Bylaw has been approved and will continue to work on the Education and Awareness of the key items within the approved Bylaw.
<p>Action Recreation and Wellness Opportunities</p> <p>Develop a multi-faceted recreation complex on the south side and determine the future of existing facilities in the community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. Public Engagement results showed strong endorsement related to the development of a destination outdoor pool on the south-side of the community and the construction of sports fields in Brier Run. City Council has formally paused any further design or progress on this initiative until further notice.

PARKS & RECREATION

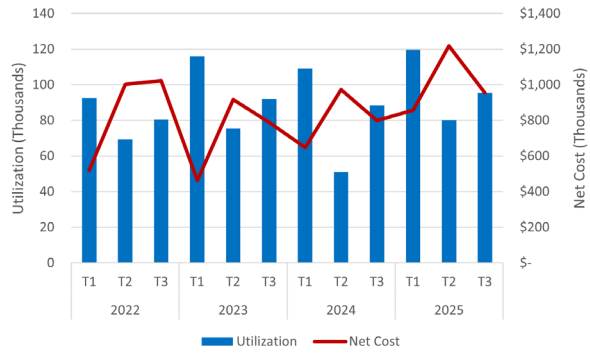
For the Period Ended December 31, 2025

Report on Performance Measures

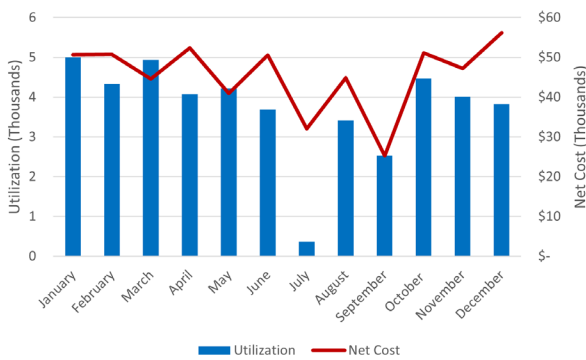
BMGC Monthly Utilization and Net Cost



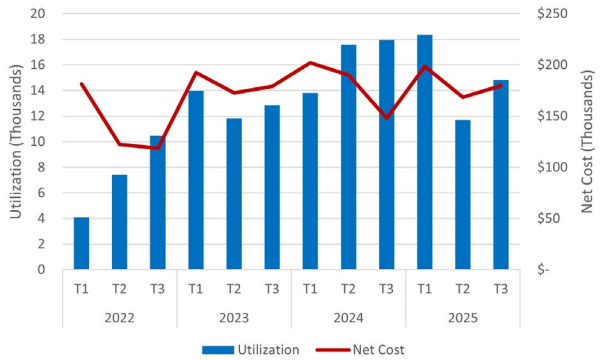
BMGC Utilization and Net Cost



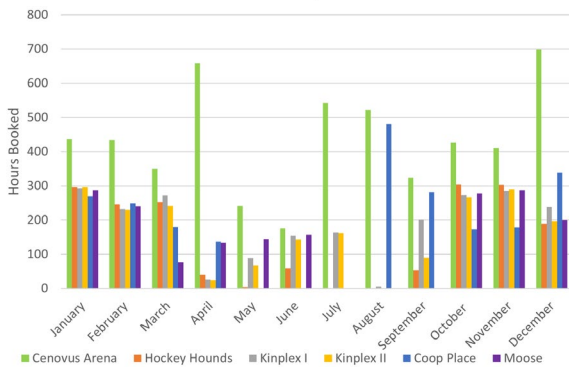
CRC Monthly Utilization and Net Cost



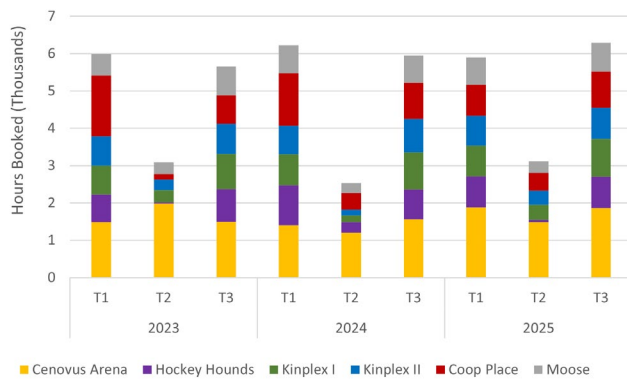
CRC Utilization and Net Cost



Ice Rink Monthly Utilization



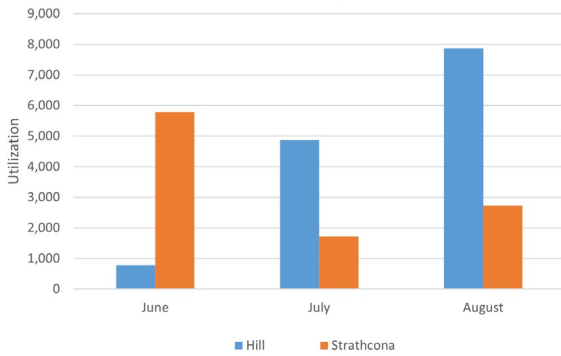
Ice Rink Utilization



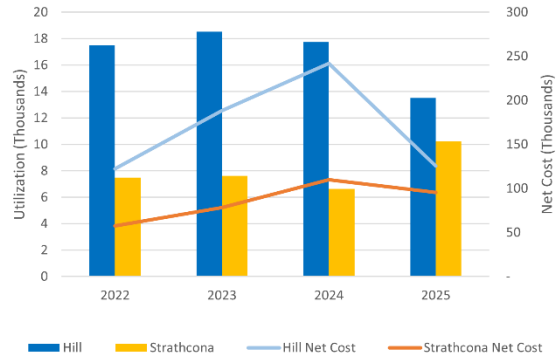
PARKS & RECREATION

For the Period Ended December 31, 2025

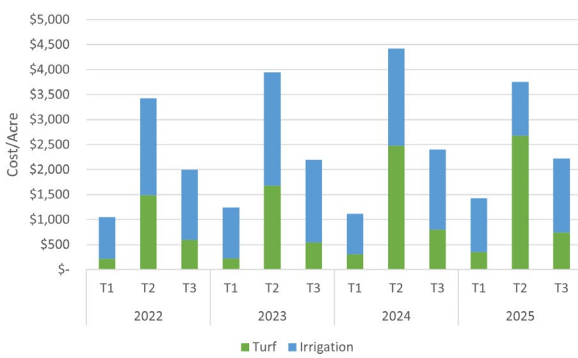
Outdoor Pool Monthly Utilization



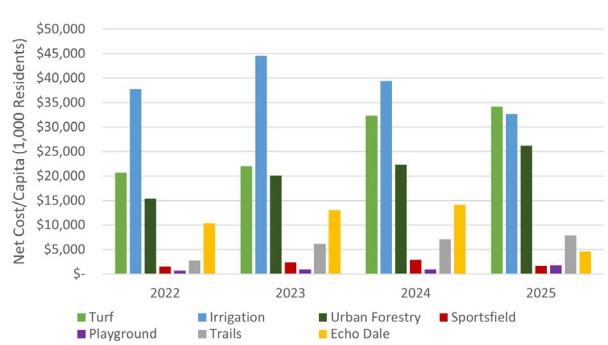
Outdoor Pool Utilization and Net Cost



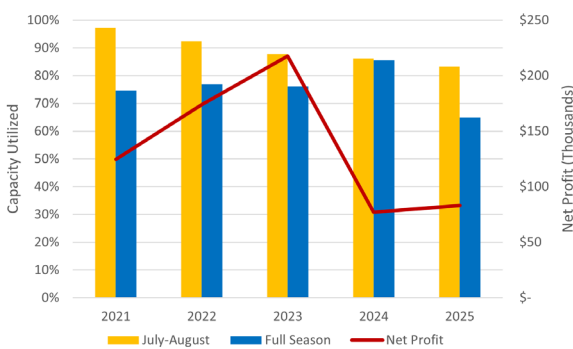
Ground Maintenance Cost/Acre



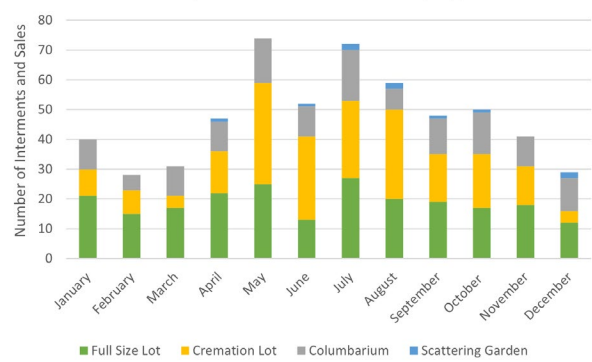
Parks Maintenance Net Cost per Capita (1,000 Residents)



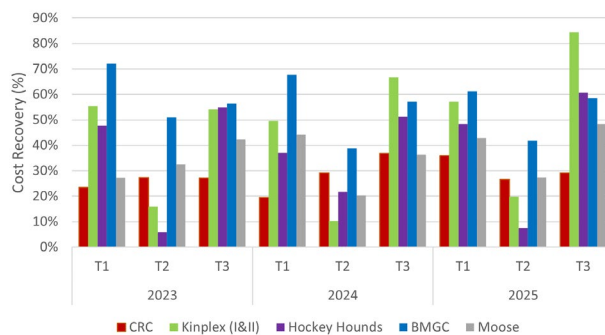
Campground Utilization and Profitability



Monthly Interments and Sales by Type



Recreation Facility Operating Cost Recovery Percentage



COMMUNITY DEVELOPMENT

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	NOTE
Revenue						
Administration	\$ -	\$ 102	\$ 102	\$ 102	\$ 102	1
Cultural Experiences & Events	1,931	1,120	(811)	(762)	1,169	2
Guest Experience & Operations	3,693	5,474	1,781	1,692	5,385	3
Community Supports	1,793	2,178	385	384	2,177	4
Transit Services	1,381	1,646	265	287	1,668	5
	8,798	10,520	1,722	1,703	10,501	
Expenses						
Administration	693	715	(22)	(15)	708	
Cultural Experiences & Events	3,455	2,829	626	497	2,958	6
Guest Experience & Operations	4,427	6,002	(1,575)	(1,406)	5,833	7
Community Supports	2,418	2,534	(116)	(109)	2,527	8
Transit Services	4,959	5,441	(482)	(453)	5,412	9
	15,952	17,521	(1,569)	(1,486)	17,438	
Net Surplus (Deficit) before Internal Cost Allocations	(7,154)	(7,001)	153	217	(6,937)	
Internal Revenue	-	37	37	25	25	
Internal Expenses	7,090	6,908	182	122	6,968	10
	(7,090)	(6,871)	219	147	(6,943)	
Net Surplus (Deficit) before Cash Adjustments	(14,244)	(13,872)	372	364	(13,880)	
Interest Expense	(251)	(249)	2	-	(251)	
Principal	(281)	(281)	-	-	(281)	
Transfer to Capital	-	(2)	(2)	-	-	
Transfer to Reserves (expense)	(24)	(24)	-	14	(10)	
Transfer from Reserves (revenue)	-	24	24	-	-	
Net Cash Surplus (Requirements)	\$ (14,800)	\$ (14,404)	\$ 396	\$ 378	\$ (14,422)	
Amortization	(2,851)	(2,816)	35	-	(2,851)	
Net Surplus (Deficit)	\$ (17,651)	\$ (17,220)	\$ 431	\$ 378	\$ (17,273)	

OPERATING NOTES

- Administration revenue is \$102K favourable due to unbudgeted additional grant funding for the Ancestor Reburial Project.
- Cultural Experiences and Events revenue is -\$811K unfavourable due to fewer presented events at Co-op Place and the Esplanade (-\$898K), offset by increased revenue in educational and cultural programming (\$48K), and higher than budgeted grant revenue (\$40K).
- Guest Experience & Operations revenue is \$1.8M favourable due to an increase in food and beverage revenue resulting from increased events at Co-op Place (\$919K), increased rental and service revenue (\$292K), and ticketing and parking revenue (\$699K), offset by lower than budgeted advertising at Co-op Place due to a shift away from in-venue advertising (-\$175K). This variance is \$89K more favourable than projected due to higher than projected December ticket sales (\$100K) offset by lower than projected service charges (-\$30K).
- Community Supports revenue is \$385K favourable due to higher than anticipated Low Income Transit Program (LITP) Provincial Grant funding.
- Transit Services revenue is \$265K favourable due to sustained high ridership as a result of the Fair Entry Program (\$230K) and unbudgeted advertising revenue (\$35K).
- Cultural Experiences and Events expenses are \$626K favourable due to fewer presented events at Co-op Place and the Esplanade (\$803K), offset by higher than budgeted wages due to unmet vacancy adjustment and venue conversions (-\$170K). This variance is \$129K more favourable than projected due to fewer than projected presented events at Co-op Place and Esplanade in December.

COMMUNITY DEVELOPMENT

For the Period Ended December 31, 2025

7. Guest Experience & Operations expenses are -\$1.6M unfavourable due to increased event activity at Co-op Place resulting in higher salaries and wages (-\$635K), increased material and concession costs (-\$506K), and increases in contracted services (-\$379K). This variance is -\$169K more unfavourable than projected due to higher attendance at December Co-op Place events resulting in higher salaries and wages and food and beverage costs.
8. Community Supports expenses are -\$116K unfavourable due to continued growth of the Refugee/Fair Entry Subsidy Program (-\$164K), offset by underutilized contracted services (\$17K) and materials (\$17K).
9. Transit Services expenses are -\$482K unfavourable due to the vacancy adjustment being higher than savings associated with annual position vacancies (-\$185K), higher than budgeted benefits (-\$188K), overtime incurred for training purposes (-\$53K), higher than budgeted parkade security costs (-\$30K), and unbudgeted telecommunications expenses (-\$32K).
10. Internal expenses are \$182K favourable due to lower than budgeted internal fleet charges (\$103K) and utilities (\$83K). This favourable variance is \$60K more favourable than projected due to lower than projected insurance allocations (\$31K) and internal fleet charges (\$14K).

OPERATING HIGHLIGHTS

Completed Last Four Months

- Route changes finalized in Crescent Heights for Route 10 and Route 11 to improve reliability and schedule adherence. Continued implementation of the Adaptive Transit Service Review to improve user access and the user experience. Operational changes with staff illness/absences and continued transit operator recruitment.
- Hired and onboarded the Indigenous Relations Coordinator position. Created measurements, data collection methods and website dashboard details for *Momentum* – Community Well-Being Plan. Finalized Family and Community Support Services funding agreements and outcome measures with successful grantees.
- New hockey season with ever increasing attendance. Major entertainment events at Co-op Place that included PBR Rodeo, Foreigner, Russell Peters, Paul Brandt and Terri Clark.
- Art in Motion Festival and Midnight Madness had record attendance.

Planned Next Four Months

- Launch of enhanced online transit trip planning tools, blending regular transit with on-demand trips. Launch of added service, web booking access and smartphone app booking for Adaptive Transit users. Service agreement renewal for Town of Redcliff Adaptive Transit access and development/issuing of a Request for Proposal for transit advertising.
- Development and implementation of a City of Medicine Hat Indigenous Advisory Circle. Finalize data collection, measure and website dashboard for *Momentum* – Community Well-Being Plan. Completion of Community Volunteer Engagement Learning series.
- Refurbishment of Tigers Den at Co-op Place.
- Integration of software to mitigate online ticket fraud.

Report on Business Plan Goals

Community Well-Being

Opportunities to address community well-being will be developed, facilitated, and promoted. Community well-being is supported and improved, and community social issues are identified and addressed. A Community Well-Being Plan will support the City's efforts to convene, advocate, educate, plan, coordinate, and fund a community response aimed at addressing well-being.

PROGRESS

1. As part of The Ancestor Reburial Project, members from First Nations communities met in Medicine Hat and determined that a more formal process will continue regarding the reburial of the ancestors.
2. New Indigenous Relations Coordinator hired and onboarded.
3. New Residential Tax Exemption Bylaw promotes development or redevelopment of multiple-unit residential properties.
4. Phase 1 of Medicine Hat Community Housing Society affordable housing development construction underway.
5. Rec and Ride program introduced.
6. Neighborhood Associations (Society) expanding opportunities for neighborhood engagement. Previously there were no neighborhood associations in Medicine Hat and now there are five.

COMMUNITY DEVELOPMENT

For the Period Ended December 31, 2025

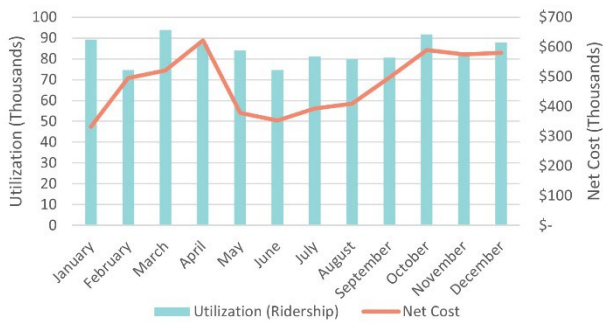
<p>Arts, Heritage, and Entertainment</p> <p>The local arts, heritage, and entertainment ecosystem is enhanced and strengthened, facilitating quality, engaging and inclusive opportunities for the community to participate in meaningful and accessible experiences in a variety of contexts.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Paul Brandt, Terri Clark, Foreigner, Russell Peters, PBR Rodeo and the Firefighters Gala all took place at Co-op Place. Attendance has been consistently high for hockey games. 2. The BBC Empire series featured the Mike Mountain Horse Story Robe from the Esplanade collection. 3. Art in Motion attracted 5000 residents for free family friendly experiences that included a multicultural fashion show. 4. Midnight Madness drew hundreds of Hatters for a vibrant evening of shopping and community. 5. Arts Heritage and Entertainment Focus Group has convened as a targeted engagement strategy.
<p>Safe, Accessible, Adaptable and Scalable Transit System</p> <p>Operate a safe, accessible, adaptable, and scalable transit system that maximizes service value. Develop performance evaluation standards and effectively communicate system performance and service levels to the public.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Saturday service hours extended two hours to cover Medicine Hat Mall hours. 2. Sunday service added on Route 56 service, due to Route 61 schedule adherence pressures. 3. Targeted public engagement conducted on route changes in the North. Changes were piloted over the Summer with the goal of improving schedule adherence and confirmed in the Fall once results were evident. 4. New Adaptive Transportation policy was received by Public Services Committee and approved by Council. 5. Implementation of the Adaptive Transit operational changes driven by policy and procedure updates underway.
<p>Build a Resilient and Inclusive Community</p> <p>Communities that are safe, clean and orderly are inviting to residents and visitors. Social disorder, real or perceived, can be unsettling to many and have a negative impact on community. Poverty, social isolation, trauma, mental health and addiction are some of the drivers of social disorder. Activities and behaviours may include public displays of conflict and aggression, sleeping in public spaces, visible drug use, vandalism, and public urination/defecation. Solutions to promoting social order must be multi-pronged and involve a broad number of interest holders and the community.</p>	<p>PROGRESS</p> <ol style="list-style-type: none"> 1. Task Force meetings held at regular intervals, including through the summer months. 2. Three public members added to Task Force membership. 3. Action planning initiated, including discussion to better understand community needs, researching activity in other communities, and solutioning within the group. 4. <i>Medicine Hat Resilient and Inclusive Community Taskforce</i> developed an Action Plan outlining purpose, objectives, and strategic goals.

COMMUNITY DEVELOPMENT

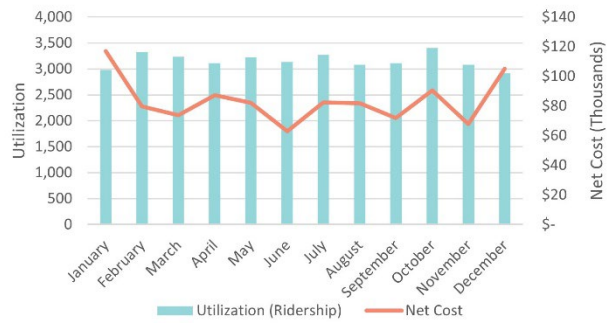
For the Period Ended December 31, 2025

Report on Performance Measures

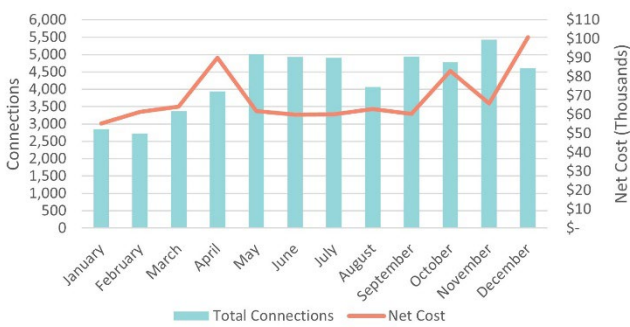
Regular Transit Utilization and Net Cost



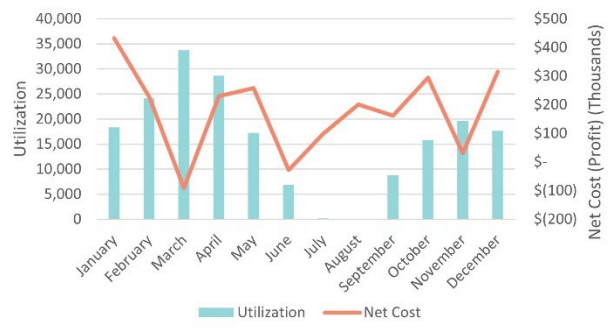
Special Transit Utilization and Net Cost



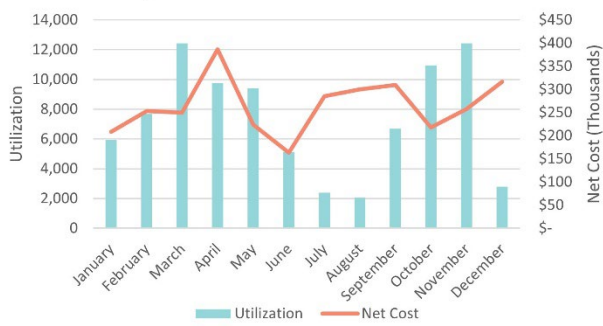
Community Support Connections and Net Cost



Coop Place Utilization and Net Cost



Esplanade Utilization and Net Cost



Community Development Operating Cost Recovery



OTHER ORGANIZATIONS

For the Period Ended December 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		NOTE
					to Dec 31/25 at Nov 30/25	Projected Actual to Dec 31/25 at Nov 30/25	
Revenue							
Public Library Services	\$ -	\$ -	\$ 39	\$ 39	\$ -	\$ -	
	-	-	39	39	-	-	
Expenses							
Other Organizations - Medalta	\$ 74	\$ 74	\$ 80	\$ (6)	\$ (6)	\$ 80	
Other Organizations - Shortgrass	325	325	319	6	6	319	
Public Library Services	2,352	2,352	2,456	(104)	(31)	2,383	1
	2,751	2,751	2,855	(104)	(31)	2,782	
Net Surplus (Deficit) before Internal Cost Allocations	(2,751)	(2,751)	(2,816)	(65)	(31)	(2,782)	
Internal Expenses	314	314	249	65	54	260	2
	(314)	(314)	(249)	65	54	(260)	
Net Surplus (Deficit) before Cash Adjustments	(3,065)	(3,065)	(3,065)	-	23	(3,042)	
Interest Expense	(10)	(10)	(9)	1	-	(10)	
Principal	(109)	(109)	(109)	-	-	(109)	
Net Cash Surplus (Requirements)	\$ (3,184)	\$ (3,184)	\$ (3,183)	\$ 1	\$ 23	\$ (3,161)	
Net Surplus (Deficit)	\$ (3,184)	\$ (3,184)	\$ (3,183)	\$ 1	\$ 23	\$ (3,161)	

OPERATING NOTES

- Library expenses are -\$104K unfavourable due to increased salaries and wages for summer staff in which the Library has received grants to support; this grant revenue is factored into the annual payback calculation. This unfavourable variance is -\$73K more unfavourable than projected due to yearend wage accrual (-\$37K) and benefits allocation (-\$29K) that was not factored into the projection.
- Internal expenses are \$65K favourable due to lower than budgeted utilities.