

2025-2026

# Budget Highlights

Balancing the needs of today with the requirements of tomorrow



Medicine Hat

## OVERALL

The proposed 2025-2026 budget strives to (1) **minimize the impact of tax and rate increases** and (2) **make room for investing in new initiatives** to meet the needs of the community.

### The 2025-2026 Budget invests:

- \$28.8M in growth capital
- \$10.0M in new operating initiatives
- \$193M in sustaining our existing infrastructure



## SIGNIFICANT COST REDUCTION EFFORTS



Reduce the workforce by a net **3.0 full-time equivalent** positions

0%

inflation increases to non-salary costs for all departments but for unavoidable cost pressures

\$26.9M

less in capital requests than the 23-24 budget despite significant inflation in construction costs

\$2.6M

in operating reductions

\$12.8M

reduction to preliminary capital asks

## INCREASING TRANSPARENCY



We've spent over 23 hours of deliberations with Council and Administration in a public setting, which is on pace to **quadruple** the number of hours spent discussing budget for 2023-2024.



*Ensuring competitive taxes and utility charges while ensuring fiscal capacity and flexibility to address challenges and opportunities that lie ahead.*



## MUNICIPAL

The municipality is facing revenue pressures due to a historic budget gap, foregone property tax revenue during the pandemic, declining investment revenues, reduced fine revenues and development fees.

2025

5.6%

tax revenue increase

2026

5.6%

tax revenue increase



This budget proposes a path to balance the **municipal budget gap** by **2028**.

## RATE-BASED UTILITIES

Rate based utilities are showing increases to expenses related to the new residuals handling facility, gas transportation contracts, and salary related inflationary increases.



### RESIDENTIAL

**1%** average increase to residential utility rates

### COMMERCIAL

**5%** average increase to residential utility rates

### INDUSTRIAL

**4%** average increase to residential utility rates

Utility rates in 2025 are **lower than** the 2024 rates of **other Alberta cities**.

*\* excludes commodity rates for electricity and natural gas*

## ENERGY PRODUCTION

The historic level of earnings experienced over the past few years are not anticipated to continue into 2025-2026. Energy Production is experiencing increased levels of uncertainty related to:



**Carbon Emissions Targets**



**Alberta's Restructured Energy Market**



**Energy Business Review**

The City as a whole must respond to a **new low earnings environment** with looming **costs related to abandonment obligations** and **energy transition**.

## LAND DEVELOPMENT AND REAL ESTATE

**5.6%**



**Revenue increase** annually primarily for the anticipated sale of existing inventories based on market trends over the past 5 years.

**9.7%**



**Expense decrease** primarily for changes to cost of sales (other expenses) based on anticipated sales of existing inventories.

For more information, visit

**medicinehat.ca/budget**

