

Information Brief

Council Meeting date: November 17, 2025

Referred by: Administrative Committee – October 1, 2025
 Audit Committee – October 8, 2025

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

Department: Finance

TRI-ANNUAL MANAGEMENT REPORT FOR THE PERIOD ENDING AUGUST 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 August 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 August 31, 2025, for information.

STRATEGIC ALIGNMENT

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

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 FOIP Head.
3. Total number of head count – with definitions

BACKGROUND / ANALYSIS
Operations

	As at August 31, 2025 (in millions of dollars)			Projected to December 31, 2025 (in millions of dollars)		
	Budget Net Surplus (Deficit)	Actual Net Surplus (Deficit)	Variance from Budget	Budget Net Surplus (Deficit)	Actual Net Surplus (Deficit)	Variance from Budget
Earnings Before Interest, Taxes, Depreciation, Amortization (EBITDA) or Net Surplus (Deficit)	Budget Net Surplus (Deficit)	Actual Net Surplus (Deficit)	Variance from Budget	Budget Net Surplus (Deficit)	Actual Net Surplus (Deficit)	Variance from Budget
TOTAL TAX SUPPORTED SURPLUS / (DEFICIT)	32.2	36.4	4.2	0.0	2.0	2.0
TOTAL LAND DEVELOPMENT & REAL ESTATE EBITDA	(0.9)	(0.9)	0.0	(0.8)	(0.4)	0.4
TOTAL RATE BASED UTILITIES EBITDA	23.5	27.4	3.9	41.5	43.2	1.7
TOTAL ENERGY PRODUCTION EBITDA	21.8	21.2	(0.6)	40.8	40.0	(0.8)

Tax Supported (Municipal Services):

The net surplus is \$36.4 million which is higher than budget by \$4.2 million at August 31, 2025. This is due to realized gains recognized on the sale of some investment equity positions, less than budgeted Grants in Lieu of Taxes (GIPOT) write offs, three large permit applications in Planning & Development Services, and savings from positional vacancies. This favourable variance is offset by lower court fine revenue due to new Provincial legislation, unbudgeted legal fees related to Access to Information Act (ATIA) requests, and higher costs in Parks and Recreation due to unbudgeted salaries and wages and encampment clean up.

The deficit at December 31, 2025 is projected to be \$9.1 million which is favourable by \$2.0 million as the budget includes a \$11.1 million budget gap. This is due to higher than budgeted investment income related to high performing equity investments, offset by the continued decline in court fine revenue, higher projected wages in Fire and Emergency Services due to ongoing contract negotiations and less than budgeted backcheck revenue in 9-1-1 and Police.

Land Development & Real Estate:

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a deficit of \$0.9 million, which is on budget as at August 31, 2025. This variance is projected to become \$0.4 million favourable at yearend due to higher than budgeted residential land sales.

Rate Based Utilities:

EBITDA is \$27.4 million at August 31, 2025, which is higher than budget by \$3.9 million. This is primarily due to the one-time sale of recycling carts, switching suppliers for chemicals at sewer, the delay in opening of the solids handling facility, offset by unbudgeted employee benefits. EBITDA variance is forecasted to be \$1.7 million higher than budget as these current variances continue, offset by unbudgeted repairs and maintenance costs in water and sewer.

Energy Production:

EBITDA is \$21.2 million at August 31, 2025, which is lower than budget by \$0.6 million. This is primarily due to lower electric pool prices in a highly competitive market, and lower gas commodity pricing in an oversupplied market. EBITDA is forecasted to be \$0.8 million lower than budget at December 31, 2025, due to lower gas commodity pricing and unbudgeted equipment overhauls of gas producing assets. This is offset by lower costs in Electric Generation as a result of the lower gas commodity prices.

Capital

The total approved capital budget of \$748.1 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	\$ 141,099	\$ 83,501	\$ 57,943	\$ 141,444	-\$ 345
TOTAL LAND DEVELOPMENT & REAL ESTATE TCA	\$ 132,471	\$ 87,419	\$ 45,051	\$ 132,471	\$ -
TOTAL RATE BASED UTILITIES TCA	\$ 159,313	\$ 88,931	\$ 68,390	\$ 157,320	\$ 1,993
TOTAL ENERGY PRODUCTION TCA	\$ 315,228	\$ 155,250	\$ 98,097	\$ 253,347	\$ 61,881
TOTAL CITY TCA	\$ 748,111	\$ 415,101	\$ 269,481	\$ 684,582	\$ 63,529

At August 31, 2025, \$415.1 million of the approved budget has been spent or committed. The remaining amount to spend to complete the projects is \$269.5 million and the total estimated cost to complete the current outstanding projects is \$684.6 million, which is \$63.5 million less than budget. The positive variance is primarily due to lower than expected costs in gas production abandonments and the Clear Horizon project.

Budget Amendments and Contingency Spending

1. Council

At August 31, 2025, Council approved eight budget amendments: seven operating totaling \$6.2 million and one capital for \$0.7 million. The total tax impact of these amendments is 0.25%. A full listing of approved budget amendments is provided in Appendix 1, Page 18.

2. City Manager

At August 31, 2025, the City Manager (CAO) approved ten budget reallocations and/or funding sources changes: six operating and four capital. The reallocations and funding sources changes have a nil net effect on the overall operating and capital budgets. A full listing of approved budget amendments is provided in Appendix 1, Page 19.

The CAO also approved one critical budget amendment related to the Energy division approving \$3.1 Million. These details are included on Appendix 1, Page 19.

3. Contingency

At August 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 does not have a known cost at this time. These details are included on Appendix 1, Page 20.

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

People Metrics

At August 31, 2025, a cumulative total of \$1.1 million has been paid out to 9 people in severance and \$0.5 million has been paid to 42 people in bonuses.

The total headcount of City of Medicine Hat employees at August 31, 2025 is 1590, which includes 68 vacant positions.

Headcount and permanently established positions 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.

Permanently established positions 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 21.

Treasury

At August 31, 2025 the projected cash and investments for the City of Medicine Hat to December 31, 2025 is \$789.1 million with \$170.8 million unrestricted and \$618.3 million restricted for operating, grants/donations, capital, abandonment obligations, energy transition, and the Medicine Hat Endowment Fund. Free cashflow contributions are forecasted to be \$14.6 million at December 31, 2025, which is lower than budget by \$2.0 million. The entire \$789.1 million is invested by Treasury to form the investment portfolio.

As of August 31, 2025 the market value of the investment portfolio is \$834.9 million with an overall return of 6.69%, which is above the benchmark by 1.09%.

The City utilizes debt to finance a portion of its capital program. On August 31, 2025 the City has outstanding debt of \$451.8 million consisting of \$403.8 million in long-term debt, \$46.5 million in letters of credit, \$0.5 million in credit cards and \$1.0 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 August 31, 2025 are described in the background/analysis section above.

INTERNAL AND EXTERNAL ENGAGEMENT CONSIDERATIONS:

Departments have provided information regarding variances, forecasts, operating highlights, and updates on business plan goals. The August 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 August 31, 2025

Inform	Consult	Involve	Collaborate	Empower
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 Acting Managing Director of Corporate Services and CFO	2025-09-23
ATTACHMENTS:	1. City of Medicine Hat Summary Management Report as of August 31, 2025 2: City of Medicine Hat Detailed Management Report as of August 31, 2025 3. CFO Report Presentation	

City of Medicine Hat Management Report

Summary

For the Period Ended
August 31, 2025



CITY OF MEDICINE HAT

Management Reports

For the Period Ended August 31, 2025

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
CORPORATE OVERVIEW	3
CAPITAL SUMMARY	11
ONE-TIME EXPENSES AND INITIATIVES SUMMARY	16
BUDGET AMENDMENTS	18
PEOPLE METRICS	21
RESERVE BALANCES	22
CONTRIBUTIONS TO CORPORATE FUND & RESERVES	23
TREASURY REPORT	24

EXECUTIVE SUMMARY

As of August 31, 2025

CORPORATE OVERVIEW - COMBINED SUMMARY (in \$000's)							
Business Units:	Net Year to Date Performance Actual Jan to Aug 2025			Net End of Year Performance Forecasted Jan to Dec 2025			
	Budget	Actual	Variance	Budget	Forecast	Variance	% Variance
TOTAL TAX SUPPORTED SURPLUS / (DEFICIT)	32,236	36,436	4,200	-	1,961	1,961	0%
TOTAL LAND DEVELOPMENT & REAL ESTATE EBITDA	(894)	(871)	23	(824)	(400)	424	51%
TOTAL RATE BASED UTILITIES EBITDA	23,544	27,434	3,890	41,499	43,235	1,736	4%
TOTAL ENERGY PRODUCTION EBITDA	21,826	21,200	(626)	40,817	40,055	(762)	-2%

Tax Supported (Municipal Services):

The net surplus is \$36.4 million which is higher than budget by \$4.2 million at August 31, 2025. This is due to realized gains recognized on the sale of some investment equity positions, less than budgeted Grants in Lieu of Taxes (GIPOT) write offs, three large permit applications in Planning & Development Services, and savings from positional vacancies. This favourable variance is offset by lower court fine revenue due to new Provincial legislation, unbudgeted legal fees related to Access to Information Act (ATIA) requests, and higher costs in Parks and Recreation due to unbudgeted salaries and wages and encampment clean up.

The deficit at December 31, 2025 is projected to be \$9.1 million which is favourable by \$2.0 million as the budget includes a \$11.1 million budget gap. This is due to higher than budgeted investment income related to high performing equity investments, offset by the continued decline in court fine revenue, higher projected wages in Fire and Emergency Services due to ongoing contract negotiations and less than budgeted backcheck revenue in 9-1-1 and Police.

Land Development & Real Estate:

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a deficit of \$0.9 million, which is on budget as at August 31, 2025. This variance is projected to become \$0.4 million favourable at yearend due to higher than budgeted residential land sales.

Rate Based Utilities:

EBITDA is \$27.4 million at August 31, 2025, which is higher than budget by \$3.9 million. This is primarily due to the one-time sale of recycling carts, switching suppliers for chemicals at sewer, the delay in opening of the solids handling facility, offset by unbudgeted employee benefits. EBITDA variance is forecasted to be \$1.7 million higher than budget as these current variances continue, offset by unbudgeted repairs and maintenance costs in water and sewer.

Energy Production:

EBITDA is \$21.2 million at August 31, 2025, which is lower than budget by \$0.6 million. This is primarily due to lower electric pool prices in a highly competitive market, and lower gas commodity pricing in an oversupplied market. EBITDA is forecasted to be \$0.8 million lower than budget at December 31, 2025, due to lower gas commodity pricing and unbudgeted equipment overhauls of gas producing assets. This is offset by lower costs in Electric Generation as a result of the lower gas commodity prices.

TAX SUPPORTED	Net Year to Date Performance Actual Jan to Aug 2025				Discussion Current Variance	Net End of Year Performance Forecasted Jan to Dec 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
	GENERAL MUNICIPAL					GENERAL GOVERNMENT				
Property Taxes	\$ 93,146	\$ 93,777	\$ 631	1%	Favourable variance due to higher than budget linear taxes and less than budgeted Grants in Lieu of Property Tax (GIPOT) write-offs.	\$ 93,096	\$ 93,775	\$ 679	0%	Favourable variance projected at yearend due to continuation of current variance and less than budgeted property tax cancellations.
Revenue	\$ 6,403	\$ 6,170	\$ (233)	-4%	Unfavourable due to lower court fine revenue as a result of new Provincial legislation on automated traffic enforcement, offset by higher than budgeted Municipal Consent and Access Fees, interest on arrears taxes, parking fines, and unbudgeted vending machine revenue.	\$ 9,918	\$ 9,491	\$ (427)	-4%	Unfavourable variance projected to yearend due to reduction in court fine revenue from new provincial legislation.
Expenses	\$ 2,169	\$ 2,379	\$ (210)	-10%	Unfavourable due to unbudgeted realized losses on foreign currency transactions.	\$ 5,205	\$ 5,267	\$ (62)	-1%	Unfavourable due to unbudgeted realized losses on foreign exchange, offset by less than budgeted investment fees.
Internal Revenue	\$ 798	\$ 839	\$ 41	5%	N/A	\$ 798	\$ 863	\$ 65	8%	Favourable at yearend due to higher than budgeted Municipal Consent & Access Fees.
Internal Expenses	\$ 574	\$ 581	\$ (7)	-1%	N/A	\$ 635	\$ 642	\$ (7)	-1%	N/A
TOTAL GENERAL MUNICIPAL	\$ 97,604	\$ 97,826	\$ 222	0%		\$ 97,972	\$ 98,220	\$ 248	0%	
GENERAL GOVERNMENT										
MAYOR & COUNCILORS										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 541	\$ 549	\$ (8)	-1%	N/A	\$ 846	\$ 846	\$ -	0%	N/A
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 163	\$ 163	\$ -	0%	N/A	\$ 164	\$ 164	\$ -	0%	N/A
MAYOR & COUNCILORS NET	\$ (704)	\$ (712)	\$ (8)	-1%		\$ (1,010)	\$ (1,010)	\$ -	0%	
CITY MANAGER & MANAGING DIRECTORS										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 1,609	\$ 1,679	\$ (70)	-4%	Unfavourable due to unbudgeted employee benefits.	\$ 2,515	\$ 2,692	\$ (177)	-7%	Unfavourable variance projected at yearend due to continuation of current variance.
Internal Revenue	\$ 2,516	\$ 2,516	\$ -	0%	N/A	\$ 2,516	\$ 2,516	\$ -	0%	N/A
Internal Expenses	\$ 403	\$ 404	\$ (1)	0%	N/A	\$ 410	\$ 411	\$ (1)	0%	N/A
CITY MANAGER & MANAGING DIRECTORS NET	\$ 504	\$ 433	\$ (71)	-14%		\$ (409)	\$ (587)	\$ (178)	-44%	
CITY SOLICITOR										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 697	\$ 666	\$ 31	4%	N/A	\$ 1,090	\$ 1,053	\$ 37	3%	N/A
Internal Revenue	\$ 1,090	\$ 1,090	\$ -	0%	N/A	\$ 1,090	\$ 1,090	\$ -	0%	N/A
Internal Expenses	\$ 268	\$ 268	\$ -	0%	N/A	\$ 272	\$ 272	\$ -	0%	N/A
CITY SOLICITOR NET	\$ 125	\$ 156	\$ 31	25%		\$ (272)	\$ (235)	\$ 37	14%	
CITY CLERK										
Revenue	\$ 4	\$ 14	\$ 10	250%	N/A	\$ 6	\$ 16	\$ 10	167%	N/A
Expenses	\$ 651	\$ 959	\$ (308)	-47%	Unfavourable due to unbudgeted legal fees related to Access to Information Act (ATIA) requests and higher than budgeted wages due to vacancy adjustments being higher than the savings associated with the annual position vacancies.	\$ 998	\$ 1,389	\$ (391)	-39%	Unfavourable variance projected at yearend due to continuation of current variance.
Internal Revenue	\$ 796	\$ 796	\$ -	0%	N/A	\$ 796	\$ 796	\$ -	0%	N/A
Internal Expenses	\$ 249	\$ 255	\$ (6)	-2%	N/A	\$ 251	\$ 255	\$ (4)	-2%	N/A
CITY CLERK NET	\$ (100)	\$ (404)	\$ (304)	-304%		\$ (447)	\$ (832)	\$ (385)	-86%	
PEOPLE SERVICES										
Revenue	\$ 91	\$ 179	\$ 88	97%	Favourable variance due to higher than budgeted reimbursements for union related work.	\$ 136	\$ 263	\$ 127	93%	Favourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 4,625	\$ 3,929	\$ 696	15%	Favourable variance due to lower than budgeted wages from vacant positions and delayed spending on contracted services.	\$ 7,362	\$ 6,484	\$ 878	12%	Favourable variance projected to yearend due to lower than budgeted wages from vacant positions offset by unbudgeted spending on culture commitment project.
Internal Revenue	\$ 6,341	\$ 6,322	\$ (19)	0%	N/A	\$ 6,749	\$ 6,749	\$ -	0%	N/A
Internal Expenses	\$ 878	\$ 873	\$ 5	1%	N/A	\$ 898	\$ 898	\$ -	0%	N/A
PEOPLE SERVICES NET	\$ 929	\$ 1,699	\$ 770	83%		\$ (1,375)	\$ (370)	\$ 1,005	73%	
ECONOMIC DEVELOPMENT										
Revenue	\$ 43	\$ 30	\$ (13)	-30%	N/A	\$ 65	\$ 65	\$ -	0%	N/A
Expenses	\$ 1,252	\$ 1,206	\$ 46	4%	N/A	\$ 1,588	\$ 1,604	\$ (16)	-1%	Unfavourable by yearend due to vacancy adjustment being higher than budgeted salary and wages.
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 437	\$ 438	\$ (1)	0%	N/A	\$ 443	\$ 443	\$ -	0%	N/A
ECONOMIC DEVELOPMENT NET	\$ (1,646)	\$ (1,614)	\$ 32	2%		\$ (1,966)	\$ (1,982)	\$ (16)	-1%	
TOTAL GENERAL GOVERNMENT	\$ (892)	\$ (442)	\$ 450	50%		\$ (5,479)	\$ (5,016)	\$ 463	8%	
POLICE SERVICES										
Revenue	\$ 1,698	\$ 1,572	\$ (126)	-7%	Unfavourable variance due to lower than anticipated ALERT recovery, backcheck revenue and School Resource Officer funding as a result of delay in the finalization of the contract.	\$ 4,675	\$ 4,405	\$ (270)	-6%	Unfavourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 18,320	\$ 18,132	\$ 188	1%	Favourable due to savings in contracted services and staff vacancies, offset by increased benefits costs.	\$ 28,181	\$ 27,737	\$ 444	2%	Favourable variance projected to yearend due to projected staff vacancies and savings in contracted services (security and DNA services).
Internal Revenue	\$ 125	\$ 98	\$ (27)	-22%	N/A	\$ 197	\$ 170	\$ (27)	-14%	N/A
Internal Expenses	\$ 3,329	\$ 3,296	\$ 33	1%	N/A	\$ 3,867	\$ 3,834	\$ 33	1%	N/A
TOTAL POLICE SERVICES	\$ (19,826)	\$ (19,758)	\$ 68	0%		\$ (27,176)	\$ (26,996)	\$ 180	1%	

TAX SUPPORTED	Net Year to Date Performance Actual Jan to Aug 2025				Discussion Current Variance	Net End of Year Performance Forecasted Jan to Dec 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
	CORPORATE SERVICES				COMMUNICATIONS, ENGAGEMENT & MARKETING					
COMMUNICATIONS, ENGAGEMENT & MARKETING										
Revenue Expenses	\$ - \$ 928	\$ 2 \$ 852	\$ 2 \$ 76	0% 8%	N/A Favourable due to staff vacancies.	\$ - \$ 1,458	\$ - \$ 1,358	\$ - \$ 100	0% 7%	N/A Favourable variance projected at yearend due to continuation of current variance.
Internal Revenue Internal Expenses	\$ 1,312 \$ 351	\$ 1,312 \$ 350	\$ - \$ 1	0% 0%	N/A N/A	\$ 1,312 \$ 355	\$ 1,312 \$ 355	\$ - \$ -	0% 0%	N/A N/A
COMMUNICATIONS, ENGAGEMENT & MARKETING NET	\$ 33	\$ 112	\$ 79	239%		\$ (501)	\$ (401)	\$ 100	20%	
FINANCE										
Revenue Expenses	\$ 334 \$ 9,800	\$ 535 \$ 9,647	\$ 201 \$ 153	60% 2%	Favourable due to higher tax certificate and search fees than budget. Favourable due to staff vacancies and decreased insurance premiums.	\$ 679	\$ 757	\$ 78	11%	Favourable variance projected at yearend due to continuation of current variance. Favourable variance projected at yearend due to continuation of current variance.
Internal Revenue Internal Expenses	\$ 10,355 \$ 2,396	\$ 10,268 \$ 2,464	\$ (87) \$ (68)	-1% -3%	Unfavourable due to lower insurance recoveries as a result of decreased insurance premiums. Unfavourable due to higher mailroom charges as a result of increased postage fees.	\$ 12,109 \$ 2,586	\$ 12,013 \$ 2,658	\$ (96) \$ (72)	-1% -3%	Unfavourable variance projected at yearend due to continuation of current variance. Unfavourable variance projected at yearend due to continuation of current variance.
FINANCE NET	\$ (1,507)	\$ (1,308)	\$ 199	13%		\$ (4,386)	\$ (4,269)	\$ 117	3%	
FLEET & FACILITIES										
Revenue Expenses	\$ 111 \$ 10,076	\$ 117 \$ 9,554	\$ 6 \$ 522	5% 5%	N/A Favourable due to lower fuel costs, vacant staff positions and lower utilization of contracted services.	\$ 166 \$ 15,386	\$ 166 \$ 15,236	\$ - \$ 150	0% 1%	N/A Favourable variance projected to yearend due to lower fuel costs, delayed federal carbon taxes and staff vacancies.
Internal Revenue Internal Expenses	\$ 20,985 \$ 7,884	\$ 19,888 \$ 7,424	\$ (1,097) \$ 460	-5% 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 \$ 11,059	\$ 26,346 \$ 10,369	\$ (1,645) \$ 690	-6% 6%	Net unfavourable variance projected to yearend due to ongoing capital asset deferrals and decreased unit repair costs.
FLEET & FACILITIES NET	\$ 3,136	\$ 3,027	\$ (109)	-3%		\$ 1,712	\$ 907	\$ (805)	-47%	
INFORMATION TECHNOLOGY										
Revenue Expenses	\$ - \$ 7,359	\$ 4 \$ 7,414	\$ 4 \$ (55)	0% -1%	N/A Unfavourable due to higher mobility service charges for cellular devices and increased salary and wage costs relating to benefits and unmet vacancy adjustments.	\$ - \$ 11,431	\$ - \$ 11,733	\$ - \$ (302)	0% -3%	N/A Unfavourable variance projected to yearend due to unmet vacancy adjustment, higher benefit costs and increased mobility and postage expenses.
Internal Revenue Internal Expenses	\$ 11,206 \$ 740	\$ 11,233 \$ 743	\$ 27 \$ (3)	0% 0%	N/A N/A	\$ 11,323 \$ 764	\$ 11,323 \$ 764	\$ - \$ -	0% 0%	N/A N/A
INFORMATION TECHNOLOGY NET	\$ 3,107	\$ 3,080	\$ (27)	-1%		\$ (872)	\$ (1,174)	\$ (302)	-35%	
CORPORATE PLANNING & PERFORMANCE										
Revenue Expenses	\$ - \$ 739	\$ - \$ 590	\$ - \$ 149	0% 20%	N/A Favourable due to less utilization of contracted services.	\$ - \$ 1,148	\$ - \$ 948	\$ - \$ 200	0% 17%	N/A Favourable variance projected to yearend due to continued savings relating to less utilization of contracted services and staff vacancies.
Internal Revenue Internal Expenses	\$ 1,017 \$ 230	\$ 1,017 \$ 227	\$ - \$ 3	0% 1%	N/A N/A	\$ 1,017 \$ 234	\$ 1,017 \$ 234	\$ - \$ -	0% 0%	N/A N/A
CORPORATE PLANNING & PERFORMANCE NET	\$ 48	\$ 200	\$ 152	317%		\$ (365)	\$ (165)	\$ 200	55%	
TOTAL CORPORATE SERVICES	\$ 4,817	\$ 5,111	\$ 294	6%		\$ (4,412)	\$ (5,102)	\$ (690)	-16%	
DEVELOPMENT & INFRASTRUCTURE										
MUNICIPAL WORKS										
Revenue Expenses	\$ 30 \$ 5,137	\$ 59 \$ 4,667	\$ 29 \$ 470	97% 9%	N/A Favourable due to vacancies, delayed spending on contracted services and materials until work starts to ramp up for the rest of the year, offset by higher than budgeted overtime related to snow and ice control.	\$ 45 \$ 9,107	\$ 85 \$ 9,097	\$ 40 \$ 10	89% 0%	N/A Favourable variance projected to decrease at yearend as timing of budget and actuals align.
Internal Revenue Internal Expenses	\$ - \$ 3,783	\$ 13 \$ 3,541	\$ 13 \$ 242	0% 6%	N/A Favourable due to increased equipment recoveries from overlay program work and work for other departments occurring earlier in the year than normal.	\$ 130 \$ 4,775	\$ 130 \$ 4,695	\$ - \$ 80	0% 2%	N/A Favourable due to lower than expected fleet costs and utilities.
MUNICIPAL WORKS NET	\$ (8,890)	\$ (8,136)	\$ 754	8%		\$ (13,707)	\$ (13,577)	\$ 130	1%	
AIRPORT										
Revenue Expenses	\$ 463 \$ 829	\$ 479 \$ 603	\$ 16 \$ 226	3% 27%	N/A Favourable due to less security required on site as a result of reducing down to one flight per day and delayed spending related to the Air Service and Commercial Attraction and Retention initiative as well as repair and maintenance activities.	\$ 695 \$ 1,293	\$ 695 \$ 1,266	\$ - \$ 27	0% 2%	N/A Favourable variance projected to decrease at yearend as timing of budget and actuals align.
Internal Revenue Internal Expenses	\$ - \$ 674	\$ - \$ 697	\$ - \$ (23)	0% -3%	N/A N/A	\$ - \$ 758	\$ - \$ 781	\$ - \$ (23)	0% -3%	N/A N/A
AIRPORT NET	\$ (1,040)	\$ (821)	\$ 219	21%		\$ (1,356)	\$ (1,352)	\$ 4	0%	

Tax Supported	Net Year to Date Performance Actual Jan to Aug 2025				Discussion Current Variance	Net End of Year Performance Forecasted Jan to Dec 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
	PLANNING & DEVELOPMENT SERVICES					TOTAL DEVELOPMENT & INFRASTRUCTURE				
Revenue	\$ 1,674	\$ 2,883	\$ 1,209	72%	Favourable due to more businesses renewing their licenses at the beginning of the year and three large permit applications received to date.	\$ 2,512	\$ 3,240	\$ 728	29%	Favourable variance projected to yearend due to the three large applications received to date.
Expenses	\$ 3,218	\$ 3,061	\$ 157	5%	Favourable due to staff vacancies and delayed spending in contracted and general services.	\$ 5,048	\$ 4,978	\$ 70	1%	Favourable variance projected due to continued staff vacancies.
Internal Revenue	\$ -	\$ 6	\$ 6	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 1,205	\$ 1,194	\$ 11	1%	N/A	\$ 1,233	\$ 1,233	\$ -	0%	N/A
PLANNING & DEVELOPMENT SERVICES NET	\$ (2,749)	\$ (1,366)	\$ 1,383	50%		\$ (3,769)	\$ (2,971)	\$ 798	21%	
TOTAL DEVELOPMENT & INFRASTRUCTURE	\$ (12,679)	\$ (10,323)	\$ 2,356	19%		\$ (18,832)	\$ (17,900)	\$ 932	5%	
PUBLIC SERVICES										
FIRE & EMERGENCY SERVICES										
Fire										
Revenue	\$ 416	\$ 431	\$ 15	4%	N/A	\$ 456	\$ 459	\$ 3	1%	N/A
Expenses	\$ 10,403	\$ 10,129	\$ 274	3%	Favourable due to delayed spending on contracted services lower than budgeted wages due to unsettled union contract.	\$ 16,317	\$ 16,967	\$ (650)	-4%	Unfavourable variance projected at yearend due to unmet vacancy adjustment and higher than budgeted salaries and wages related to anticipated union contract settlements.
Fire Net	\$ (9,987)	\$ (9,698)	\$ 289	3%		\$ (15,861)	\$ (16,508)	\$ (647)	-4%	
Communication Centre										
Revenue	\$ 887	\$ 759	\$ (128)	-14%	Unfavourable due to less than budgeted backcheck revenue as additional municipalities are now providing this service.	\$ 1,228	\$ 1,001	\$ (227)	-18%	Unfavourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 1,694	\$ 1,580	\$ 114	7%	Favourable due to delayed spending on software licensing.	\$ 2,554	\$ 2,506	\$ 48	2%	Favourable variance projected to decrease at yearend as timing of budget and actuals align.
Communication Centre Net	\$ (807)	\$ (821)	\$ (14)	-2%		\$ (1,326)	\$ (1,505)	\$ (179)	-13%	
Internal Revenue	\$ 948	\$ 963	\$ 15	2%	N/A	\$ 948	\$ 971	\$ 23	2%	N/A
Internal Expenses	\$ 2,541	\$ 2,567	\$ (26)	-1%	N/A	\$ 2,913	\$ 2,915	\$ (2)	0%	N/A
FIRE & EMERGENCY SERVICES NET	\$ (12,387)	\$ (12,123)	\$ 264	2%		\$ (19,152)	\$ (19,957)	\$ (805)	-4%	
PARKS & RECREATION										
Big Marble Go Centre										
Revenue	\$ 2,100	\$ 2,349	\$ 249	12%	Favourable due to higher than budgeted admissions, facility rentals and lease agreements.	\$ 3,304	\$ 3,662	\$ 358	11%	Favourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 3,460	\$ 3,499	\$ (39)	-1%	N/A	\$ 5,137	\$ 5,330	\$ (193)	-4%	Unfavourable variance projected at yearend due to continued increased wages in programming, fitness, and customer service; as well as planned spending on contracted services.
Big Marble Go Centre Net	\$ (1,360)	\$ (1,150)	\$ 210	15%		\$ (1,833)	\$ (1,668)	\$ 164	9%	
Pools - Crestwood, Heights, Hill, Strathcona										
Revenue	\$ 262	\$ 254	\$ (8)	-3%	N/A	\$ 326	\$ 324	\$ (1)	0%	N/A
Expenses	\$ 760	\$ 710	\$ 50	7%	Favourable due to lower than budgeted salaries and wages due to delayed opening of Hill Pool and Crestwood Pool closure.	\$ 1,092	\$ 955	\$ 137	13%	Favourable variance projected at yearend due to continuation of current variance.
Pools - Crestwood, Heights, Hill, Strathcona Net	\$ (498)	\$ (456)	\$ 42	8%		\$ (766)	\$ (631)	\$ 135	18%	
Rinks - Co-op Place, Moose, Hounds, Kinplex										
Revenue	\$ 473	\$ 613	\$ 140	30%	Favourable due to additional tournament bookings.	\$ 1,011	\$ 1,024	\$ 13	1%	Favourable variance expected to decrease due to fewer tournament bookings through the fall.
Expenses	\$ 1,416	\$ 1,521	\$ (104)	-7%	Unfavourable due to higher than anticipated wages due to additional ice bookings and Medicine Hat Tigers playoff games.	\$ 2,109	\$ 2,258	\$ (149)	-7%	Unfavourable variance projected at yearend due to continuation of current variance.
Rinks - Co-op Place, Moose, Hounds, Kinplex Net	\$ (944)	\$ (908)	\$ 36	4%		\$ (1,097)	\$ (1,233)	\$ (136)	-12%	
Parks										
Revenue	\$ 1,358	\$ 1,444	\$ 86	6%	Favourable due to increased camping fees and facility rentals.	\$ 1,813	\$ 1,851	\$ 38	2%	N/A
Expenses	\$ 5,401	\$ 6,101	\$ (700)	-13%	Unfavourable variance due to additional temporary wages and unbudgeted costs related to snow removal, irrigation repairs and encampment cleanup.	\$ 7,374	\$ 8,131	\$ (757)	-10%	Unfavourable variance projected at yearend due to continuation of current variance.
Parks Net	\$ (4,043)	\$ (4,657)	\$ (614)	-15%		\$ (5,561)	\$ (6,280)	\$ (719)	-13%	
Parks & Recreation - Other										
Revenue	\$ 85	\$ 124	\$ 39	46%	N/A	\$ 348	\$ 384	\$ 36	10%	N/A
Expenses	\$ 2,201	\$ 2,292	\$ (91)	-4%	Unfavourable due to higher than budgeted wages related to temporary staff.	\$ 3,830	\$ 3,946	\$ (116)	-3%	Unfavourable variance projected at yearend due to continuation of current variance.
Internal Revenue	\$ 70	\$ 124	\$ 54	77%	Favourable due to higher than budgeted urban forestry work.	\$ 70	\$ 124	\$ 54	77%	Favourable variance projected at yearend due to continuation of current variance.
Internal Expenses	\$ 7,124	\$ 7,406	\$ (282)	-4%	Unfavourable variance due to higher than budgeted internal utility charges.	\$ 9,467	\$ 9,513	\$ (46)	0%	N/A
Parks & Recreation - Other Net	\$ (9,170)	\$ (9,450)	\$ (280)	-3%		\$ (12,879)	\$ (12,951)	\$ (72)	-1%	
PARKS & RECREATION NET	\$ (16,015)	\$ (16,622)	\$ (607)	-4%		\$ (22,136)	\$ (22,764)	\$ (628)	-3%	

TAX SUPPORTED	Net Year to Date Performance Actual Jan to Aug 2025				Discussion Current Variance	Net End of Year Performance Forecasted Jan to Dec 2025				Discussion Variance at Yearend
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance	% Variance	
	COMMUNITY DEVELOPMENT					Transit				
Culture & Entertainment										
Revenue	\$ 3,354	\$ 4,334	\$ 980	29%	Favourable due to increased food and beverage revenue, offset by fewer hosted events at the Esplanade & Co-op Place.	\$ 5,624	\$ 6,262	\$ 638	11%	Favourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 4,987	\$ 5,673	\$ (686)	-14%	Unfavourable due to increased food and wage costs as a result of unbudgeted Medicine Hat Tigers WHL playoff games, which is offset by fewer non-sporting events, resulting in lower artist fees.	\$ 7,882	\$ 8,756	\$ (874)	-11%	Unfavourable variance projected at yearend due to continuation of current variance.
Culture & Entertainment Net	\$ (1,633)	\$ (1,339)	\$ 294	18%		\$ (2,258)	\$ (2,494)	\$ (236)	-10%	
Transit										
Revenue	\$ 904	\$ 1,192	\$ 288	32%	Favourable due to increased ridership due to increased use of low income programs.	\$ 1,381	\$ 1,685	\$ 304	22%	Favourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 3,170	\$ 3,408	\$ (238)	-8%	Unfavourable due to higher budgeted salary, wages and benefits and increased security costs.	\$ 4,959	\$ 5,264	\$ (305)	-6%	Unfavourable variance projected at yearend due to continuation of current variance.
Transit Net	\$ (2,266)	\$ (2,216)	\$ 50	2%		\$ (3,578)	\$ (3,579)	\$ (1)	0%	
Community Development - Other										
Revenue	\$ 1,361	\$ 1,734	\$ 373	27%	Favourable due to higher than budgeted grant revenue.	\$ 1,793	\$ 2,289	\$ 496	28%	Favourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 2,089	\$ 2,121	\$ (32)	-2%	N/A	\$ 3,111	\$ 3,475	\$ (364)	-12%	Unfavourable variance projected at yearend due to increased usage of the refugee/fair entry subsidy and timing grant payments to 3rd parties.
Internal Revenue	\$ -	\$ 22	\$ 22	0%	N/A	\$ -	\$ 13	\$ 13	0%	N/A
Internal Expenses	\$ 5,951	\$ 5,741	\$ 210	4%	Favourable due to lower than budgeted internal fleet charges.	\$ 7,090	\$ 6,973	\$ 117	2%	Favourable variance projected at yearend due to continuation of current variance.
Community Development - Other Net	\$ (6,679)	\$ (6,106)	\$ 573	9%		\$ (8,408)	\$ (8,146)	\$ 262	3%	
COMMUNITY DEVELOPMENT NET	\$ (10,578)	\$ (9,661)	\$ 917	9%		\$ (14,244)	\$ (14,219)	\$ 25	0%	
TOTAL PUBLIC SERVICES	\$ (38,980)	\$ (38,406)	\$ 574	1%		\$ (55,532)	\$ (56,940)	\$ (1,408)	-3%	
OTHER ORGANIZATIONS										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 1,796	\$ 1,872	\$ (76)	-4%	Unfavourable due to increased salaries and wages, due to increased summer staffing covered by grants.	\$ 2,751	\$ 2,801	\$ (50)	-2%	Unfavourable due to increased salaries and wages, due to increased summer staffing covered by grants.
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Internal Expenses	\$ 255	\$ 219	\$ 36	14%	N/A	\$ 314	\$ 290	\$ 24	8%	N/A
TOTAL OTHER ORGANIZATIONS	\$ (2,051)	\$ (2,091)	\$ (40)	-2%		\$ (3,065)	\$ (3,091)	\$ (26)	-1%	
ENERGY, LAND & ENVIRONMENT										
ENVIRONMENT, LAND & GAS PRODUCTION - TAX SUPPORTED										
Revenue	\$ 274	\$ 278	\$ 4	1%	N/A	\$ 398	\$ 417	\$ 19	5%	N/A
Expenses	\$ 1,634	\$ 1,413	\$ 221	14%	Favourable variance due to lower than budgeted Hat Smart expenses and contaminated sites spending that will occur later in the year.	\$ 2,522	\$ 2,454	\$ 68	3%	Favourable variance projected at yearend due to continuation of current variance.
Internal Revenue	\$ 1,449	\$ 1,449	\$ -	0%	N/A	\$ 1,449	\$ 1,449	\$ -	0%	N/A
Internal Expenses	\$ 364	\$ 371	\$ (7)	-2%	N/A	\$ 367	\$ 378	\$ (11)	-3%	N/A
ENVIRONMENT, LAND & GAS PRODUCTION - TAX SUPPORTED NET	\$ (275)	\$ (57)	\$ 218	79%		\$ (1,042)	\$ (966)	\$ 76	7%	
ENERGY MARKETING & BUSINESS ANALYSIS										
Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A
Expenses	\$ 1,418	\$ 912	\$ 506	36%	Favourable due to not utilizing consulting fees and savings in salaries and wages due to positional vacancies.	\$ 2,202	\$ 1,554	\$ 648	29%	Favourable variance projected at yearend due to continuation of current variance.
Internal Revenue	\$ 1,466	\$ 915	\$ (551)	-38%	Unfavourable due to lower recoveries on reduced expenses.	\$ 2,200	\$ 1,554	\$ (646)	-29%	Unfavourable variance projected at yearend due to continuation of current variance.
Internal Expenses	\$ 267	\$ 265	\$ 2	1%	N/A	\$ 272	\$ 272	\$ -	0%	N/A
ENERGY MARKETING & BUSINESS ANALYSIS NET	\$ (219)	\$ (262)	\$ (43)	-20%		\$ (274)	\$ (272)	\$ 2	1%	
TOTAL ENERGY, LAND & ENVIRONMENT	\$ (494)	\$ (319)	\$ 175	35%		\$ (1,316)	\$ (1,238)	\$ 78	6%	
TOTAL BEFORE FINANCE ACTIVITIES	\$ 27,499	\$ 31,598	\$ 4,099	15%		\$ (17,840)	\$ (18,063)	\$ (223)	-1%	
FINANCE ACTIVITIES										
Rebates										
Interest & principal	(6,803)	(7,997)	(1,194)	0%	Unfavourable due to timing of capital expenditures.	\$ (6,802)	\$ (7,996)	(1,194)	-18%	Unfavourable variance projected at yearend due to continuation of current variance.
Transfer (to)/from reserves	(798)	(777)	21	0%	N/A	\$ (8,452)	\$ (10,630)	(2,178)	-26%	Unfavourable variance projected at yearend as higher investment income results in more money transferred to Medicine Hat Endowment, Energy Transition and Abandonment Obligation reserves.
Investment income	12,338	9,849	(2,489)	-20%	Unfavourable variance due to timing of investment income.	\$ 30,094	\$ 31,887	1,793	6%	Favourable variance projected at yearend due to higher than budgeted realized returns on equity investments.
Gain/Loss on Financial Instruments	-	3,763	3,763	0%	Favourable variance projected at yearend as a result of realized gains from selling some equity positions.	\$ -	\$ 3,763	3,763	0%	Favourable variance projected at yearend due to continuation of current variance.
Contribution from Utilities	-	-	-	0%	N/A	\$ 3,000	\$ 3,000	-	0%	N/A
TOTAL FINANCE ACTIVITIES	\$ 4,737	\$ 4,838	\$ 101	2%		\$ 17,840	\$ 20,024	\$ 2,184	12%	
TOTAL TAX SUPPORTED SURPLUS / (DEFICIT)	\$ 32,236	\$ 36,436	\$ 4,200	13%		\$ -	\$ 1,961	\$ 1,961	0%	

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	Budget	Forecast	Variance			
ENERGY, LAND & ENVIRONMENT												
ENVIRONMENT, LAND & GAS PRODUCTION - LAND												
Revenue	\$ 2,753	\$ 4,305	\$ 1,552	56%	Favourable variance due to 33 residential lots being sold from January to August, while only 17 lot sales were budgeted. This is offset by a budget oversight which will be corrected in the 2026 budget update.	\$ 4,126	\$ 6,749	\$ 2,623	64%	Favourable variance projected at yearend due to the sale of an additional 16 residential lots and 2 commercial lots.		
Expenses	\$ 2,784	\$ 4,308	\$ (1,524)	-55%	Unfavourable variance due to higher than budgeted cost of sales as a result of 33 residential lots being sold from January to August, while only 17 lot sales were budgeted. This is offset by timing of commercial sales, and a budget oversight which will be corrected in the 2026 budget update.	\$ 4,209	\$ 6,409	\$ (2,200)	-52%	Unfavourable variance projected at yearend due to the sale of an additional 16 residential lots and 2 commercial lots.		
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ 130	\$ 130	\$ -	0%	N/A		
Internal Expenses	\$ 863	\$ 868	\$ (5)	0%	N/A	\$ 870	\$ 870	\$ -	0%	N/A		
ENVIRONMENT, LAND & GAS PRODUCTION - LAND EBITDA	\$ (894)	\$ (871)	\$ 23	100%		\$ (824)	\$ (400)	\$ 424	51%			
FINANCE ACTIVITIES												
Interest & principal	(4)	(4)	-	0%	N/A	(4)	(4)	-	0%	N/A		
Capital spend (on prior year projects)	38	17	21	55%	N/A	150	150	-	0%	N/A		
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	(2,103)	714	2,817	134%	Favourable variance projected at yearend as a result of additional cash flow required to sustain operations.		
TOTAL FINANCE ACTIVITIES	\$ 33	\$ 13	\$ 21	62%		\$ (1,957)	\$ 860	\$ 2,817	144%			
TOTAL ENERGY, LAND & ENVIRONMENT	\$ (894)	\$ (871)	\$ 23	100%		\$ (824)	\$ (400)	\$ 424	51%			
TOTAL LAND DEVELOPMENT & REAL ESTATE EBITDA	\$ (894)	\$ (871)	\$ 23	100%		\$ (824)	\$ (400)	\$ 424	51%			

RATE BASED UTILITIES	Net current Performance				Discussion Current Variance	Net End of Year Performance			Discussion Variance at Yearend		
	Budget	Actual	Variance	Variance %		Budget	Forecast	Variance			
ENVIRONMENTAL UTILITIES											
ENVIRONMENTAL UTILITIES - WATER											
Revenue	\$ 18,601	\$ 18,459	\$ (140)	-1%	Unfavourable variance mainly due to cooler temperatures and increased rainfall.	\$ 28,035	\$ 27,889	\$ (146)	-1%	Unfavourable variance projected due to continuation of current variance.	
Expenses	\$ 7,194	\$ 6,570	\$ 624	9%	Favourable variance due to cost savings related to chemicals, savings in operating expenses related to the delayed opening of the solids handling facility and staff vacancies.	\$ 11,102	\$ 11,430	\$ (328)	-3%	Unfavourable variance projected due to an unbudgeted clarifier repair, partially offset by staff vacancies.	
Internal Revenue	\$ 1,083	\$ 914	\$ (169)	-16%	Unfavourable variance due to less of a recovery related to lower overhead costs than budgeted.	\$ 2,689	\$ 2,270	\$ (419)	-16%	Unfavourable variance projected at yearend due to continuation of current variance as well as anticipated lower than budgeted water consumption from PKRC.	
Internal Expenses	\$ 5,361	\$ 5,056	\$ 305	6%	Favourable variance due to lower than budgeted utilities and internal equipment charges.	\$ 6,792	\$ 6,486	\$ 306	5%	Favourable variance projected at yearend due to continuation of current variance.	
ENVIRONMENTAL UTILITIES - WATER EBITDA	\$ 7,128	\$ 7,748	\$ 620	9%		\$ 12,829	\$ 12,242	\$ (587)	-5%		
Interest & principal	(2,983)	(2,727)	256	0%	Favourable variance due to timing of prior years capital expenses and related borrowings.	4,492	4,748	256	6%	Favourable variance projected at yearend due to continuation of current variance.	
Transfer (to)/from reserves	-	-	-	0%	N/A	(3,920)	(3,920)	-	0%	N/A	
Investment income	-	21	21	0%	N/A	-	21	21	0%	N/A	
Capital spend (on prior year projects)	(5,462)	(8,023)	(2,561)	-47%	Unfavourable variance due to increased capital spend earlier in the year related to the solids handling facility which is now in the commissioning phase.	(8,193)	(8,193)	-	0%	N/A	
Capital spend (on current year projects)	(2,812)	(1,565)	1,247	44%	Favourable variance due to delayed capital spending on multi-year projects.	(4,218)	(4,218)	-	0%	N/A	
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	1,037	2,254	1,217	117%	Favourable variance projected at yearend due to more cash flow required in order to sustain business unit.	
Miscellaneous	-	(1,675)	(1,675)	0%	Unfavourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A	
ENVIRONMENTAL UTILITIES - WATER - CHANGE IN CASH	\$ (4,129)	\$ (6,222)	\$ (2,093)	-51%		\$ 2,027	\$ 2,934	\$ 907	45%		
ENVIRONMENTAL UTILITIES - SEWER											
Revenue	\$ 16,788	\$ 16,906	\$ 119	1%	Favourable due to higher commercial volumes and third party service revenue from new developments.	\$ 25,224	\$ 25,291	\$ 67	0%	N/A	
Expenses	\$ 5,046	\$ 4,407	\$ 640	13%	Favourable variance due to more time coded to water than budgeted as a result of distribution issues, reduced material costs related to cancelled contracts and staff vacancies.	\$ 7,787	\$ 7,254	\$ 533	7%	Favourable variance projected at yearend due to continuation of current variances, partially offset by repairs at the Waste Water Treatment Plant.	
Internal Revenue	\$ -	\$ 4	\$ 4	0%	N/A	\$ -	\$ -	\$ -	0%	N/A	
Internal Expenses	\$ 4,230	\$ 4,157	\$ 74	2%	N/A	\$ 5,414	\$ 5,340	\$ 74	0%	N/A	
ENVIRONMENTAL UTILITIES - SEWER EBITDA	\$ 7,511	\$ 8,347	\$ 836	11%		\$ 12,022	\$ 12,696	\$ 674	6%		
Interest & principal	2,475	2,855	379	0%	Favourable variance due to timing of prior years capital expenses and related borrowings.	7,880	8,259	379	5%	Favourable variance projected at yearend due to continuation of current variance.	
Transfer (to)/from reserves	-	1	1	0%	N/A	(4,482)	(4,481)	1	0%	N/A	
Capital spend (on prior year projects)	(2,351)	(2,245)	106	4%	Favourable variance due to delayed capital spending on multi-year projects.	(3,526)	(3,526)	-	0%	N/A	
Capital spend (on current year projects)	(780)	(135)	645	83%	Favourable variance due to delayed capital spending on multi-year projects.	(1,170)	(1,170)	-	0%	N/A	
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	1,402	232	(1,170)	-83%	Unfavourable variance projected at yearend due to less cash flow required to sustain business unit.	
Miscellaneous	-	1,737	1,737	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A	
ENVIRONMENTAL UTILITIES - SEWER - CHANGE IN CASH	\$ 6,856	\$ 10,561	\$ 3,705	54%		\$ 12,126	\$ 12,010	\$ (116)	-1%		
ENVIRONMENTAL UTILITIES - SOLID WASTE											
Revenue	\$ 6,272	\$ 7,094	\$ 822	13%	Favourable variance mainly due to one time sale of recycling carts, increased sump waste volumes and increased recycling revenue.	\$ 9,822	\$ 9,982	\$ 160	2%	Favourable variance projected at yearend due to continuation of current variance, offset by decrease in budgeted emission offset credits as a result of the program extension not being approved.	
Expenses	\$ 3,160	\$ 3,314	\$ (154)	-5%	Unfavourable variance due to increased landfill maintenance, higher than budgeted benefits and unmet vacancy adjustment.	\$ 4,634	\$ 4,808	\$ (174)	-4%	Unfavourable variance projected at yearend due to continuation of current variance.	
Internal Revenue	\$ 1,868	\$ 1,955	\$ 87	5%	N/A	\$ 2,864	\$ 2,951	\$ 87	3%	N/A	
Internal Expenses	\$ 4,217	\$ 3,857	\$ 360	9%	Favourable variance due to less fleet expenses as new equipment has not yet been received.	\$ 5,755	\$ 5,395	\$ 360	0%	Favourable variance projected at yearend due to continuation of current variance.	
ENVIRONMENTAL UTILITIES - SOLID WASTE EBITDA	\$ 763	\$ 1,878	\$ 1,115	100%		\$ 2,297	\$ 2,730	\$ 433	19%		
Interest & principal	(234)	(234)	-	0%	N/A	(234)	(234)	-	0%	N/A	
Transfer (to)/from reserves	-	-	-	0%	N/A	(130)	(130)	-	0%	N/A	
Capital spend (on prior year projects)	(329)	(487)	(158)	-48%	Unfavourable due to higher than projected capital spend in the first half of the year related to the food and waste pilot project.	(493)	(493)	-	0%	N/A	
Capital spend (on current year projects)	(120)	(50)	70	58%	N/A	(180)	(180)	-	0%	N/A	
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	(1,934)	(2,367)	(433)	-22%	Unfavourable variance projected at yearend due to less cash flow required to sustain business unit.	
Miscellaneous	-	417	417	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A	
ENVIRONMENTAL UTILITIES - SOLID WASTE - CHANGE IN CASH	\$ 81	\$ 1,524	\$ 1,443	1786%		\$ (674)	\$ (674)	\$ (0)	0%		
TOTAL ENVIRONMENTAL UTILITIES	\$ 15,403	\$ 17,973	\$ 2,570	17%		\$ 27,148	\$ 27,668	\$ 520	2%		
UTILITY DISTRIBUTION SYSTEMS											

RATE BASED UTILITIES	Net current Performance				Discussion Current Variance	Net End of Year Performance				Discussion Variance at Yearend
	Budget	Actual Jan to Aug 2025	Variance	Variance %		Budget	Forecast	Variance	% Variance	
ELECTRIC DISTRIBUTION - OPERATING										
Revenue	\$ 16,397	\$ 16,469	\$ 72	0%	N/A	\$ 24,783	\$ 24,855	\$ 72	0%	N/A
Expenses	\$ 6,850	\$ 6,744	\$ 106	2%	Favourable variance is due to staff vacancies and time charged to capital projects rather than operating, partially offset by unbudgeted employee benefits.	\$ 10,707	\$ 10,832	\$ (125)	-1%	Unfavourable variance projected at yearend due to unbudgeted substation assessments and employee benefits, offset by savings in salaries and wages from vacancies and time charged to capital.
Internal Revenue	\$ 1,714	\$ 1,959	\$ 245	14%	Favourable variance is due to higher than budgeted recovery of administration overhead due to increased administration expenses.	\$ 2,529	\$ 2,775	\$ 245	10%	Favourable variance projected at yearend due to continuation of current variance.
Internal Expenses	\$ 6,047	\$ 5,917	\$ 129	2%	Favourable variance is due to vacancies in support departments resulting in decreased internal charges.	\$ 6,820	\$ 6,691	\$ 129	2%	Favourable variance projected at yearend due to continuation of current variance.
ELECTRIC DISTRIBUTION - OPERATING EBITDA						\$ 9,786	\$ 10,108	\$ 322	3%	
Interest & principal	\$ 2,144	\$ 724	\$ (1,420)	-66%	Unfavourable variance due to timing of borrowing on multi-year projects.	\$ 2,144	\$ 724	\$ (1,420)	-66%	Unfavourable variance projected at yearend due to continuation of current variance.
Transfer (to)/from reserves	-	\$ 130	\$ 130	0%	Favourable variance due to return of working capital from complete capital projects.	(3,983)	(3,853)	\$ 130	3%	Favourable variance due to return of working capital from complete capital projects.
Capital spend (on prior year projects)	(22,242)	(6,124)	\$ 16,118	72%	Favourable variance due to delayed capital spending on multi-year projects.	(33,363)	(16,659)	\$ 16,704	50%	Favourable variance projected at yearend due to continuation of current variance.
Capital spend (on current year projects)	(7,722)	(607)	\$ 7,115	92%	Favourable variance due to delayed capital spending on multi-year projects.	(11,583)	(3,703)	\$ 7,880	68%	Favourable variance projected at yearend due to continuation of current variance.
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	(1,006)	(1,289)	\$ (283)	-28%	Unfavourable variance projected at yearend as a result of less cash flow required to sustain operations.
Miscellaneous	-	\$ 122	\$ 122	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A
ELECTRIC DISTRIBUTION - OPERATING - CHANGE IN CASH						\$ (38,006)	\$ (14,672)	\$ 23,333	61%	
GAS DISTRIBUTION - OPERATING										
Revenue	\$ 11,606	\$ 11,497	\$ (109)	-1%	Unfavourable variance due to reduced consumption from Rate Class A & B customers.	\$ 16,468	\$ 16,359	\$ (109)	-1%	Unfavourable variance projected at yearend due to continuation of current variance.
Expenses	\$ 5,230	\$ 4,321	\$ 910	17%	Favourable variance is due to staff vacancies, time charged to capital projects rather than operating and favourable gas transportation contract expenses.	\$ 7,958	\$ 6,922	\$ 1,036	13%	Favourable variance projected at yearend due to continuation of current variance.
Internal Revenue	\$ 12	\$ 92	\$ 80	656%	N/A	\$ 18	\$ 98	\$ 80	437%	N/A
Internal Expenses	\$ 3,461	\$ 3,575	\$ (114)	-3%	Unfavourable variance due to reallocation of administration expenses charged from Electric Distribution.	\$ 3,963	\$ 4,076	\$ (114)	-3%	Unfavourable variance projected at yearend due to continuation of current variance.
GAS DISTRIBUTION - OPERATING EBITDA						\$ 4,565	\$ 5,459	\$ 894	20%	
Interest & principal	455	3,381	2,926	643%	Favourable variance due to timing of borrowing on multi-year projects.	455	3,381	2,926	643%	Favourable variance projected at yearend due to continuation of current variance.
Transfer (to)/from reserves	-	-	-	0%	N/A	(1,798)	(1,798)	-	0%	N/A
Capital spend (on prior year projects)	(804)	(360)	445	55%	Favourable variance due to delayed capital spending on multi-year projects.	(1,207)	(960)	246	20%	Favourable variance projected at yearend due to continuation of current variance.
Capital spend (on current year projects)	(3,158)	(587)	2,571	81%	Favourable variance due to delayed capital spending on multi-year projects.	(4,737)	(4,483)	254	5%	Favourable variance projected at yearend due to continuation of current variance.
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	(583)	(1,111)	(528)	-91%	Unfavourable variance projected at yearend as a result of less cash flow required to sustain operations.
Miscellaneous	-	(360)	(360)	0%	Unfavourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A
GAS DISTRIBUTION - OPERATING - CHANGE IN CASH						\$ (3,304)	\$ 488	\$ 3,792	115%	
TOTAL UTILITY DISTRIBUTION SYSTEMS						\$ 14,351	\$ 15,567	\$ 1,216	8%	
TOTAL RATE BASED UTILITIES EBITDA						\$ 41,499	\$ 43,235	\$ 1,736	4%	

ENERGY PRODUCTION	Net Year to Date Performance				Discussion Current Variance	Net End of Year Performance				Discussion Variance Driver		
	Budget	Actual	Jan to Aug 2025 Variance	Variance %		Budget	Forecast	Jan to Dec 2025 Variance	% Variance			
ENERGY, LAND & ENVIRONMENT												
ELECTRIC GENERATION - OPERATING												
Revenue	\$ 87,086	\$ 89,268	\$ 2,182	3%	Favourable variance due to greater sales to retail, as a result of a higher price than budgeted. This is partially offset by lower sales to the pool and third party sales, as a result of lower pool prices and a customer having an unprojected extended outage at the beginning of the year.	\$ 128,592	\$ 141,208	\$ 12,615	10%	Favourable variance projected to continue to yearend due to large commercial and industrial customers being on the default market rate partially offset by less than budgeted ancillary sales.		
Expenses	\$ 52,442	\$ 53,944	\$ (1,502)	-3%	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	\$ 83,696	\$ (9,625)	-13%	Unfavourable variance projected to continue to yearend 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.		
Internal Revenue	\$ 105	\$ 70	\$ (35)	-33%	N/A	\$ 158	\$ 158	\$ -	0%	N/A		
Internal Expenses	\$ 6,692	\$ 6,666	\$ 26	0%	N/A	\$ 7,245	\$ 7,245	\$ -	0%	N/A		
ELECTRIC GENERATION - OPERATING EBITDA	\$ 28,056	\$ 28,728	\$ 672	2%		\$ 47,434	\$ 50,424	\$ 2,990	6%			
Interest & principal	(8,012)	(7,491)	521	7%	Favourable variance due to timing of borrowing on multi-year projects.	(8,012)	(7,491)	521	7%	Favourable variance projected at yearend due to continued current variance.		
Transfer (to)/from reserves	-	-	-	-	N/A	(22,075)	(22,075)	-	0%	N/A		
Capital spend (on prior year projects)	(32,847)	(17,742)	15,105	46%	Favourable variance due to delayed capital spending on multi-year projects.	(49,270)	(29,337)	19,934	40%	Favourable variance projected at yearend due to delayed capital spending on multi-year projects.		
Capital spend (on current year projects)	(13,100)	(128)	12,972	99%	Favourable variance due to delayed capital spending on multi-year projects.	(19,650)	(1,598)	18,052	92%	Favourable variance projected at yearend due to delayed capital spending on multi-year projects.		
Free Cash Flow (transfer (to)/from reserve)	-	-	-	0%	N/A	(17,346)	(20,357)	(3,011)	-17%	Unfavourable variance projected at yearend due more free cash flow to contribute.		
Miscellaneous	-	5,868	5,868	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A		
ELECTRIC GENERATION - OPERATING - CHANGE IN CASH	\$ (25,903)	\$ 9,234	\$ 35,137	136%		\$ (68,920)	\$ (30,434)	\$ 38,486	56%			
GAS PRODUCTION - OPERATING												
Revenue	\$ 28,084	\$ 18,744	\$ (9,340)	-33%	Unfavourable variance due to lower gas commodity pricing as markets are oversupplied, as well as lower volumes from production due to freeze offs from the extremely low temperatures during cold snaps causing slower flow.	\$ 43,173	\$ 31,924	\$ (11,248)	-26%	Unfavourable variance projected at yearend due to sales of purchased gas driven by lower gas prices than budgeted.		
Expenses	\$ 31,135	\$ 23,431	\$ 7,705	25%	Favourable variance as a result of savings in gas purchases due to the lower gas commodity price.	\$ 45,960	\$ 38,813	\$ 7,146	16%	Favourable variance projected at yearend due to cost of purchased gas driven by lower gas prices than budgeted offset by unbudgeted equipment overhauls.		
Internal Revenue	\$ -	\$ -	\$ -	0%	N/A	\$ -	\$ -	\$ -	0%	N/A		
Internal Expenses	\$ 3,179	\$ 2,841	\$ 338	11%	Favourable variance due to less support required from Energy Marketing and Business Analysis, and lower than budget utility and fleet costs.	\$ 3,830	\$ 3,480	\$ 350	9%	Favourable variance project at yearend due to continuation of current variance.		
GAS PRODUCTION - OPERATING EBITDA	\$ (6,230)	\$ (7,528)	\$ (1,298)	-21%		\$ (6,617)	\$ (10,369)	\$ (3,752)	-57%			
Interest & principal	(491)	(491)	-	0%	N/A	(491)	(491)	-	0%	N/A		
Capital spend (on prior year projects)	(2,733)	(10)	2,724	100%	Favourable variance due to delayed capital spending on multi-year projects.	(4,100)	(4,100)	-	0%	N/A		
Capital spend (on prior year abandonment projects)	(10,715)	(10,538)	178	2%	N/A	(16,073)	(16,073)	-	0%	N/A		
Free cash flow (transfer (to)/from reserves)	-	-	-	0%	N/A	7,108	7,621	513	7%	Favourable variance projected at yearend as higher cash requirements forecasted for the year than budgeted.		
Miscellaneous	-	2,222	2,222	0%	Favourable variance due to changes in working capital (A/R, A/P & inventory).	-	-	-	0%	N/A		
GAS PRODUCTION - OPERATING - CHANGE IN CASH	\$ (20,170)	\$ (16,345)	\$ 3,826	19%		\$ (20,173)	\$ (23,412)	\$ (3,239)	-16%			
TOTAL ENERGY, LAND & ENVIRONMENT	\$ 21,826	\$ 21,200	\$ (626)	-3%		\$ 40,817	\$ 40,055	\$ (762)	-2%			
TOTAL ENERGY PRODUCTION EBITDA	\$ 21,826	\$ 21,200	\$ (626)	-3%		\$ 40,817	\$ 40,055	\$ (762)	-2%			

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

	APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
POLICE					
Projects less than \$1M					
Police	404	324	80	410	
TOTAL POLICE	404	324	80	410	
GENERAL GOVERNMENT					
Projects less than \$1M					
People Services	-	-	-	-	
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	1,049	1,701	2,750	2025 program in progress.
2025 Ancillary Infrastructure Rehabilitation Program	1,750	465	1,285	1,750	2025 Ancillary Program in progress. Contractors engaged.
2025 FFD-TCA-2025 Big Marble Go Cart Components	1,000	73	927	1,000	2025 BMGC components in progress. Contractor engaged.
2025 FFD-TCA-2025-Energy Efficiency Component Upgrades	1,000	1,029	(29)	1,030	2025 Energy Efficiency Program in progress. 95% complete - target of July for completion.
2024 City Hall Humidification Replacement	1,250	419	831	1,250	2024 City Hall Humidification - Construction in progress.
2024 Hill Pool Components Lifecycle	1,255	1,156	99	1,255	2024 Hill Pool Components - Construction in progress.
2024 Library Boiler Replacement	1,000	913	87	1,000	2024 Library Boiler Project - 80% complete.
2024 FM Infrastructure Rehab Program	2,250	2,274	(24)	2,750	2024 Infrastructure Program - 95% complete - outstanding deficiencies.
2024 Utility Infrastructure Repair Program	1,000	1,005	(5)	1,000	2024 Utility Infrastructure Program - outstanding deficiencies.
2023 MTCA's	13,472	7,884	5,588	13,472	The 2023 Fleet replacement program is in progress - 55% assigned, 12% ordered, 03% are at tender, 10% on hold, 03% cancelled.
2024 MTCA's	7,928	2,352	5,576	7,928	The 2024 Fleet replacement program is in progress - 27% assigned, 12% ordered, 04% are at tender, 06% on hold, 00% cancelled.
2025 MTCA's	7,000	151	6,849	7,000	The 2024 Fleet replacement program is in progress - 13% assigned, 22% ordered, 35% are at tender, 04% on hold, 04% cancelled.
Information Technology					
2023 BTG-2023/2024 TCA OT Network Refresh and OT Cybersecurity Controls	1,800	1,044	756	1,800	Project is in execution phase, approx. 70% complete. Projected completion date is Q4 2026.
Projects less than \$1M					
Finance	700	626	74	700	
Fleet & Facilities	4,694	1,335	3,359	4,622	
Information & Technology	3,955	2,358	1,597	3,842	
TOTAL CORPORATE SERVICES	52,804	24,133	28,671	53,154	
DEVELOPMENT & INFRASTRUCTURE					
Municipal Works					
2025 Transportation Infrastructure Rehabilitation Program	6,250	2,257	3,993	6,250	Construction on several transportation projects has recently been completed, with additional work scheduled for completion this fall. The full budget has been allocated to initiatives such as the Mill & Overlay Program, Local Road Rehabilitation, and Laneway Rehabilitation.
2025 Stormwater Infrastructure Rehabilitation Program	3,250	3,145	105	3,250	Construction of the 3 Avenue Storm Upgrade project is nearing completion, with the remaining funds committed to this project.
2025 3rd Street NE/NW Rehabilitation	1,368	174	1,194	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.
2025 Downtown Surface Upgrades	1,150	6	1,144	1,150	Design work is underway. The full project budget has been allocated to design activities and to construction when the project continues into 2027.
2024 Bridge Rehabilitation	1,000	616	384	1,000	The original scope of bridge rehabilitation work is complete, with the remaining budget to be used for inspections and repairs in 2025/26.
2024 Transportation Infrastructure Rehabilitation	5,250	4,566	684	5,250	Remaining funds to be used for MW infrastructure upgrade.
2024 Storm Sewer Rehabilitation Program	3,500	1,324	2,176	3,500	The remaining funds are committed to 3 Avenue Storm sewer upgrade project and Cured-in-Place Pipe (CIPP) lining rehabilitation of storm sewers at various locations, as well as repairs to Southlands Pond 2.
2024 3rd Street SE Road Rehabilitation	3,800	3,142	658	3,800	3 Street SE and 6 Avenue SE project is substantially complete. The remaining funds are committed to the remaining work and warranty period.
2024 Division Ave South Upgrade	6,250	5,232	1,018	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 later this year into 2026. The remaining budget will be used to complete this outstanding scope.
2023 Transportation Infrastructure Rehab	5,000	4,982	18	5,000	Remaining funds to be used for transportation infrastructure upgrade in 2025.
2022 Infrastructure Rehab Program	5,875	5,117	758	5,875	Remaining funds to be used for infrastructure upgrade in 2025.
2021 Infrastructure Rehabilitation Program	6,500	6,377	123	6,500	Remaining funds to be used for infrastructure upgrade in 2025.
2017 Street Light LED Conversion	2,375	2,357	18	2,375	Remaining funds have been committed to outstanding work on Box Springs Road and will be completed in 2025.
Projects less than \$1M					
Municipal Works	2,500	674	1,826	2,500	
Airport	520	-	520	520	
Planning & Development Services	100	90	10	90	
TOTAL DEVELOPMENT & INFRASTRUCTURE	54,688	40,059	14,629	54,678	
PUBLIC SERVICES					
Parks & Recreation					
2024 PKRC - 2024 TCA - Irrigation Infrastructure Program - Construction & Design	3,802	3,275	527	3,802	2024 Irrigation Construction & Design will be expensed by Q4 2025 as construction initiatives complete. Projects include Cottonwood Way design/construction, Noble Park design/construction, SF Scott Park design, Turner Park construction, Southview/Simpson construction, and Hillside Cemetery construction.
2023 PKRC - 2023 TCA - Indoor/Outdoor Facilities Infrastructure Program	1,431	1,244	187	1,431	2023 Indoor/Outdoor Facilities Infrastructure Program will be expensed by Q4 2025 as the Herald Court rehabilitation initiative construction is completed.
2023 PKRC - 2023 TCA - Irrigation Infrastructure Program - Construction	3,683	3,600	83	3,683	2023 Irrigation Infrastructure Program will be expensed by Q4 2025 as the Herald Court rehabilitation initiative construction (irrigation portion) is completed.
2022 PKRC TCA 2022 - Infrastructure Rehab Program	3,790	3,729	61	3,790	2022 Infrastructure Rehabilitation Program will be expensed by Q4 2025 as the Hillside Cemetery Phase 3 construction initiative is completed.
2025 PKRC-TCA-2025-Irrigation Infrastructure Program	3,510	746	2,764	3,510	2025 Irrigation Infrastructure Program will be expensed by Q3 2026 as design/construction projects carry into the following year. Projects include Gershaw Interchange Aesthetic Enhancement design/construction, SF Scott Park construction, and Harlow/Noble Park construction.
2025 PKRC-TCA-2025-Trail Infrastructure Program	1,500	-	1,500	1,500	2025 Trail Infrastructure Program will be expensed by Q2 2026 as construction project deficiencies will likely be completed in the following year.
2025 PKRC-TCA-2025-Indoor/Outdoor Facilities Infrastructure Program	1,075	41	1,034	1,075	2025 Indoor/Outdoor Facilities Infrastructure Program will be expensed by Q2 2026 as construction projects carry into the following year. Projects include the EDRP Boat Lake Island Aesthetic Enhancement construction and Lions Park Tennis Court Rehabilitation construction.
Projects less than \$1M					
Fire & Emergency Services	511	136	375	511	
Parks & Recreation	11,786	6,085	5,701	11,786	
Community Development	1,115	128	987	1,114	
TOTAL PUBLIC SERVICES	32,203	18,985	13,218	32,202	
TOTAL TAX SUPPORTED CAPITAL	141,099	83,501	57,598	141,444	

Land and Properties
Capital Report Summary
As of August 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	4,000	1,869	2,131	4,000	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	418	582	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.
Phase 2: Plan					
Brier Run - Commercial, Industrial, Residential	14,500	1,116	13,384	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	5,051	12,031	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 and done final inspection in fall 2023 with minor repair work completed summer 2024. A small 10-12 lot development is planned for engineering and design in 2025 and construction in 2026 within Ranchlands Phase 3C along Ranchlands Blvd
Phase 4: Build					
Airport - North Node - Commercial	7,000	6,115	885	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.
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.
Phase 5: Sell					
Residential Lot Sales	70,378	67,785	2,592	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	2,311	189	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	2,011	1,600	411	2,011	
TOTAL LAND & PROPERTIES CAPITAL	132,471	87,419	45,051	132,471	

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

		APPROVED BUDGET	SPENT TO DATE	REMAINING BUDGET	EST'D COST AT COMPLETION	NOTES
RATE BASED UTILITIES						
Water						
2025	Water Distribution Asset Management Program	4,061	71	3,990	4,061	Approximately 93% 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 7% of funds will be utilized to complete engineering and construction work on other planned projects. It's anticipated that 80% of the funds will be expended by the end of 2025, 20% in 2026, and minor amounts in 2027 to bring projects to full completion.
2025	Southridge Reservoir Rehabilitation	1,000	1	999	700	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 \$300K.
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.
2025	Harlow Water Transmission Main Interconnect	1,250	1,200	50	1,250	100% of funds have been allocated and are being utilized to fund construction on the Harlow Interconnect project. It's anticipated that 100% of the funds will be expended by the end of 2025.
2024	3 St SE Water Mains Replacement	1,590	1,478	112	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. Any unspent funds will be returned once the project is fully complete.
2024	Water Mains Asset Management Program	4,275	3,125	1,150	4,275	Approximately 97% 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 3% of funds will be utilized to complete engineering and construction work on other planned projects. It's anticipated that 94% of the funds will be expended by the end of 2025, and 6% in 2026 to bring projects to full completion.
2023	Water Mains Asset Management Program	3,520	3,238	282	3,520	Approximately 100% 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. It's anticipated that 100% of the funds will be expended by the end of 2025.
2022	Water Mains Asset Management Program	1,000	944	56	1,000	Approximately 100% of funds have been allocated and are being utilized to fund engineering and construction on the project areas listed under the budget item. It's anticipated that 100% of the funds will be expended by the end of 2025.
2020	Waste Solids Handling Facility	34,450	33,620	830	34,375	Commissioning is complete and project is going through optimization process. Project is expected to be underbudget by \$75K.
Sewer						
2025	Sewer Collection Asset Management Program	3,205	43	3,162	3,205	Approximately 36% 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. It's anticipated that 23% of the funds will be expended by the end of 2025, 77% in 2026, and minor amounts in 2027 to bring projects to full completion.
2025	Influent Channel Screens and Grit Removal Upgrades	4,737	67	4,670	4,737	Consultant is in initial stages of assessing concrete conditions to select equipment and begin design phase. Project expected to be complete in 2027 and on budget.
2024	3 St SE Sewer Mains Replacement	1,590	1,475	115	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. Project expected to be complete in 2026. Any unspent funds will be returned once the project is fully complete.
2024	Sewer Mains Asset Management Program	4,275	3,255	1,020	4,275	Approximately 95% 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 5% of funds will be utilized to complete engineering and construction work on other planned projects. It's anticipated that 92% of the funds will be expended by the end of 2025, and 8% in 2026 to bring projects to full completion.
2023	Sewer Mains Asset Management Program	3,415	3,237	178	3,415	Approximately 100% 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. It's anticipated that 100% of the funds will be expended by the end of 2025.
2023	Brier Park Gravity Bypass	5,432	4,088	1,344	5,432	Approximately 84% of the funds have been allocated and are being utilized to complete engineering and construction on the Brier Park Gravity Bypass project. It's anticipated that 76% of the funds will be expended by the end of 2025, 2% in 2026, and 22% in 2027 to bring the project to full completion.
2022	Lift Station Facility Upgrade	1,000	989	11	1,000	Project construction is largely complete and now in the commissioning phase. Project will be complete by the end of 2025 and on budget.
2020	Lift Station Facility Upgrade	1,800	1,485	315	1,800	Design phase of the project complete, currently sourcing required material. Project will be complete by the end of 2025 and on budget.

Rate Based Utilities
Capital Report Summary
As of August 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	1,498	4,310	5,763	
Sewer	4,271	980	3,291	4,271	
Solid Waste	130	50	80	130	
TOTAL ENVIRONMENTAL UTILITIES	89,009	61,838	27,172	88,583	
Electric Distribution					
2025 Substation Renewal	2,000	42	1,958	2,000	Project in design phase. Anticipated completion in Q4 2027.
2025 Distribution Overhead System Renewal	1,940	157	1,783	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 Q4 2025.
2023 MHS-11 Substation	24,000	4,372	19,628	24,000	Project recently received Alberta Utilities Commission (AUC) approval and is in design phase. Projected completion date Q2 2027.
2023 30/40/60L Upgrade of Transmission Line Capacity Phase 1	2,200	1,326	874	2,200	Project recently received AUC approval. Will move to design phase in Q4 2025.
2023 Distribution Overhead System Renewal	3,509	3,456	53	3,509	Project is in active construction. Anticipated completion in Q3 2025.
2023 Line Protection Upgrade	1,028	221	807	1,028	Projects in progress. Construction is planned in 2025, with final completion anticipated 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	1,419	(98)	1,321	Project is complete and over budget costs will be reallocated.
2022 Distribution Overhead System Renewal	1,512	548	964	1,512	Project is in active construction. Anticipated completion in Q4 2025.
2021 Distribution Overhead System Renewal	1,523	995	528	1,523	Project is in active construction. Anticipated completion in Q4 2025.
2020 Distribution Underground System Renewal	1,048	758	290	1,048	Project is in active construction. Anticipated completion in Q4 2025.
Gas Distribution					
2023 Gas Meters	1,350	1,354	(4)	1,350	Projects is complete and will be on budget after costs are reallocated.
2022 Transmission Mains	1,285	1,008	277	1,285	Projects in progress. Finishing work on last two projects. Anticipated completion in Q4 2025.
2022 Mains Extension & Replacement	1,824	1,550	274	1,824	Projects in progress. Construction is complete with final work being complete later this year. Anticipated completion in Q4 2025.
Projects less than \$1M					
Electric Distribution	11,721	6,848	4,873	11,721	
Gas Distribution	6,638	2,188	4,449	6,626	
TOTAL UTILITY DISTRIBUTION	70,304	27,093	43,211	68,737	
TOTAL RATE BASED UTILITIES CAPITAL	159,313	88,931	70,383	157,320	

Energy Production
Capital Report Summary
As of August 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	65,321	52,229	93,200	Project in progress - anticipated under budget.
2022-2024 Drilling and Completions	6,512	1,347	5,165	5,860	Project in progress - anticipated under budget.
2017-2023 Non-Operated	13,786	10,692	3,094	11,169	Project in progress - anticipated under budget.
2022-2023 Wells	3,600	323	3,277	323	Project in progress - anticipated under budget.
2022 Clear Horizon	12,050	1,612	10,438	1,612	Project completed in April 2025 under budget.
2021-2023 Pipelines	1,875	108	1,767	240	Project in progress - anticipated under budget.
2019-2023 Abandonment	69,993	38,257	31,736	62,081	Project in progress - anticipated under budget.
Electric Generation					
2025 Unit 10 Turbine Major Overhaul	11,000	-	11,000	11,000	Contract and PO issued and scheduled for Spring of 2026.
2025 Unit 17 Turbine Hot Section	7,000	-	7,000	-	Project cancelled due to low run hours on unit.
2024 69kV SUBSTATION CABLE TRENCH, CONTROL CABLE REPLACEMENT	3,500	2,118	1,382	2,998	Major construction and commissioning work is complete, control system migration to be completed by December 2025.
2024 UNIT 14 HOT SECTION REPLACEMENT	6,800	4,313	2,487	6,633	Turbine conversion has been delivered to site, palladium combustor overhaul to be completed in October.
2024 UNIT 11 TURBINE MAJOR OVERHAUL	13,881	8,924	4,957	13,824	Hot section currently being overhauled, work delayed due to parts supply. Scheduled for completion in Q1 2026.
2024 UNIT 16 TURBINE MAJOR OVERHAUL	12,000	2,843	9,157	11,943	Contract has been awarded and unit being sent to depot in October 2025.
2024 12 STEAM TURBINE MAJOR OVERHAUL	2,000	1,023	977	1,023	Project completed end of April 2025 under budget.
2024 3R STEAM TURBINE MAJOR OVERHAUL	2,000	-	2,000	2,000	Contract has been awarded with overhaul to be conducted in Spring of 2026.
2024 12 GENERATOR ROTOR REWIND & REPLACEMENT 3R	1,200	823	377	823	Rotor is on site, project complete and under budget.
2024 10 GENERATOR ROTOR REPLACEMENT	2,000	391	1,609	1,991	In manufacturing stage, on schedule and under budget for delivery in October 2025.
2024 11 GENERATOR ROTOR REPLACEMENT	2,100	1,043	1,057	1,893	In manufacturing stage, on schedule and under budget for delivery in November 2025.
2022 Unit 12 Generator Rotor Replacement	5,740	5,835	(95)	5,835	Project is complete and slightly over budget. Overage to be funded by operating.
2023 Energy Business Development	7,000	6,896	104	6,896	Project is complete under budget.
2023 Carbon Capture (Clear Horizon)	4,950	399	4,551	4,950	Phase 2 Pre-FEED is complete. Recommendations were presented to closed council in June 2024 and subsequently put on hold.
2023 GSU T12 Replacement	1,750	1,788	(38)	1,788	Project is complete and slightly over budget. Overage to be funded by operating.
Projects less than \$1M					
Gas Production	1,420	198	1,222	1,229	
Electric Generation	5,521	996	4,525	4,036	
TOTAL ENERGY, LAND & ENVIRONMENT	315,228	155,250	159,978	253,347	
TOTAL ENERGY PRODUCTION CAPITAL	315,228	155,250	159,978	253,347	

City of Medicine Hat
One-time Expenses and Initiatives Report Summary
As of August 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	1,721	Project in progress and will be on budget and completed in 2025.
Economic Development					
2021/2022 Development Incentive Program 023	5,200	2,193	3,007	5,200	In 2024 the incentive program included housing, infill, and redevelopment incentive program and city centre vibrancy incentive. 10 projects for a total of \$1,845,000 are committed. This equates to 160 new units. 2024 City Centre Vibrancy funded eight 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	101	2,499	2,600	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 will be presented to Council in Q4 of 2025. The remainder of the development incentives will be discussed with Council in Q4 of 2025 and Q1 of 2026.
Projects less than \$1M					
Mayor & Councilors	100	85	15	100	
City Clerk	450	5	445	450	
People Services	1,097	137	960	1,097	
Economic Development	1,546	853	693	1,546	
General Municipal Revenues	100	3	97	100	
TOTAL GENERAL GOVERNMENT	12,814	5,086	7,729	12,814	
POLICE					
Projects less than \$1M					
Police	220	33	187	220	
TOTAL POLICE	220	33	187	220	
CORPORATE SERVICES					
Projects less than \$1M					
Finance	1,913	655	1,258	1,913	
Fleet & Facilities	565	416	149	630	
Information & Technology	2,333	1,085	1,248	2,392	
Corporate Planning & Performance	399	103	296	399	
TOTAL CORPORATE SERVICES	7,060	2,258	4,802	7,184	
DEVELOPMENT & INFRASTRUCTURE					
Projects less than \$1M					
Municipal Works	1,324	397	927	1,324	
Airport	615	271	344	615	
Planning & Development Services	1,050	353	697	1,050	
TOTAL DEVELOPMENT & INFRASTRUCTURE	2,989	1,021	1,968	2,989	
PUBLIC SERVICES					
Parks & Recreation					
2023 PKRC - 2023/2024 MOE - Saamis Tepee Painting WO	1,080	493	587	1,080	2023/2024 Saamis Tepee 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 expended by Q4 2026.
2025 PKRC-OTOI-2025-Growing Canada's Community Canopy	3,460	-	3,460	3,460	The Growing Canada's Community Canopy initiative will commence this upcoming spring and will be complete by Q3 2026.
Projects less than \$1M					
Fire & Emergency Services	100	65	35	100	
Parks & Recreation	1,604	1,139	465	1,604	
Community Development	430	155	275	430	
TOTAL PUBLIC SERVICES	6,674	1,853	4,821	6,674	
ENERGY, LAND & ENVIRONMENT					
Energy, Land & Environment					
2023/2024 ELG - 2024 MOE - Clean Energy Improvement Program 024	6,782	71	6,711	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	276	329	605	
TOTAL ENERGY, LAND & ENVIRONMENT	7,387	348	7,040	7,387	
TOTAL TAX SUPPORTED ONE-TIME EXPENSES AND INITIATIVES	37,144	10,598	26,546	37,268	

City of Medicine Hat
One-time Expenses and Initiatives Report Summary
As of August 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	29	676	705	
TOTAL DEVELOPMENT & INFRASTRUCTURE	705	29	676	705	
TOTAL RATE-BASED UTILITIES ONE-TIME EXPENSES AND INITIATIVES	705	29	676	705	

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

Council Approved Budget Amendments
2025 Operating Budget Amendments:

Approved Date	Description	Business Unit	Department	Budget Amendment				Funding Source	Tax Impact (%)
				Revenue	Expense	Net Impact	Type		
April 7, 2025	Growing Canada's Community Canopies (GCC) Tree Planting Program ¹	Municipal	Parks & Recreation	\$0	\$3,460	\$3,460	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	Medicine Hat Exhibition & Stampede Preliminary 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	Government Grant	0.00%
July 21, 2025	IBEW Collective Bargaining Agreement Settlement ⁶	Energy Production	Electric Generation	\$0	\$116	\$116	Ongoing	Working Capital	0.00%
July 21, 2025	Settlement, Integration & Language Project ⁷	Rate-Based Utilities	Environmental Utilities	\$0	\$42	\$42			0.00%
Total		Municipal	Economic Development	(\$332)	\$332	\$0	One-time	Government Grant/Operating	0.00%
				\$63	\$6,175	\$6,238			0.21%

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.

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%
Total					\$0	\$675	\$675		0.00%

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.

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

City Manager Approved Budget Amendments
2025 Operating Budget Reallocations:

Approved Date	Description	Business Unit	Department	Budget Amendment			
				Revenue	Expense	Net Impact	Type
March 18, 2025	Energy Business Review Reallocation ¹	Municipal	City Manager & Managing Directors	\$0	\$35	\$0	One-time
			Corporate Planning & Performance	\$0	(\$35)	\$0	One-time
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	One-time
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	
Total				(\$131)	\$131	\$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.

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
March 3, 2025	Unit 11 Turbine Overhaul & Unit 14 Hot Section Replacement (Critical) ²	Energy Production	Electric Generation	2025	\$11,981	\$1,900	\$13,881	Working Capital
				2025	\$5,600	\$1,200	\$6,800	Working Capital
May 12, 2025	Water Treatment Plant Residuals Management Facility Change in Funding Source ³	Rate-Based Utilities	Environmental Utilities	2020	\$7,950	(\$2,590)	\$5,360	Reserves
					\$26,500	\$2,590	\$29,090	Government Grants
May 12, 2025	Reallocate Fleet Growth Capital Budget Requests ⁴	Municipal	Airport		\$550	(\$550)	\$0	Government Grants
			Community Development		\$750	(\$750)	\$0	Reserves
			Municipal Works		\$500	(\$500)	\$0	Reserves
			People Services		\$40	(\$40)	\$0	Reserves
		Rate-Based Utilities	Environmental Utilities		\$50	(\$50)	\$0	Reserves
		Municipal	Fleet & Facilities		\$0	\$1,890	\$1,890	Government Grants / Reserves
July 31, 2025	Trans Canada Trail Accessibility & Inclusion ⁵	Municipal	Parks & Recreation	2025	\$428	(\$35)	\$393	Reserves
					\$0	\$35	\$35	Government Grants
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	Working Capital
				2013	\$300	\$34	\$334	Working Capital
				2021	\$150	\$2,350	\$2,500	Working Capital
Total					\$59,484	\$3,100	\$62,584	

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.

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

City Manager Operating Contingency
2025 Operating Budget Amendments:

Approved Date	Description	Business Unit	Department	Budget Year	Approved Budget
				2025	\$100
March 24, 2025	Medicine Hat Police Services (MHPS) Data Enhancement Grant ¹	Municipal	Police Services	2025	(\$30)
				2025	\$30
				2025	-
Balance - City Manager Operating Contingency					\$100

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. The invoice has not yet been received.

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 August 31, 2025

Payment Metric	Number of People	Cumulative Amount (in thousands)
Severance Payments	9	\$ 1,102
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	872	54.84%
PERMANENT	536	33.71%
TEMPCASUAL	241	15.16%
TEMPSEASONAL	56	3.52%
TEMPTERM	14	0.88%
VACANT	25	1.57%
IAFF_LOCAL263	88	5.53%
PERMANENT	87	5.47%
TEMPTERM	1	0.06%
IBEW_ELEC_DISTRIBUTION	57	3.58%
PERMANENT	47	2.96%
TEMPCASUAL	1	0.06%
TEMPTERM	6	0.38%
VACANT	3	0.19%
IBEW_ELEC_GENERATION	53	3.33%
PERMANENT	52	3.27%
TEMPCASUAL	1	0.06%
NON_UNION_MGMT	253	15.91%
PERMANENT	217	13.65%
TEMPCASUAL	3	0.19%
TEMPSEASONAL	1	0.06%
TEMPTERM	2	0.13%
TEMPWITHBENS	1	0.06%
VACANT	29	1.82%
POLICE	118	7.42%
PERMANENT	100	6.29%
TEMPTERM	7	0.44%
VACANT	11	0.69%
POLICE_SENIOR_OFFICERS	2	0.13%
PERMANENT	2	0.13%
WITHOUT_UNION	147	9.25%
TEMPCASUAL	135	8.49%
TEMPGOVPROG	4	0.25%
TEMPSEASONAL	7	0.44%
TEMPTERM	1	0.06%
TOTAL	1590	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.

Notes	
Headcount	is the total number of people working at an organization, including both permanent and temporary staff.
Full Time Equivalent (FTE's)	represents how many full-time hours employees have worked. It combines both part-time and full-time workers' hours to figure out how many full-time employees it would take to meet staffing needs.
While each position is usually filled by one person, it is possible for more than one person to hold a portion of an allocated FTE. Therefore, it is possible for headcount to be higher than the number of FTE's in the organization.	

EXECUTIVE SUMMARY
RESERVE BALANCES AS AT AUGUST 31, 2025
(in thousands of dollars)

DESCRIPTION	Balance Dec 31/24	Projected Additions	Projected Deductions	Projected Balance Dec 31/25
Operating	35,437	16,614	16,674	35,377
Capital	208,471	13,471	29,789	192,153
Medicine Hat Endowment Fund	207,632	8,091	5,000	210,723
Abandonment Obligations	76,273	2,972	-	79,245
Energy Transition	76,273	2,972	675	78,570
TOTAL RESERVES	604,086	44,120	52,138	596,068
DEFERRED REVENUE	27,961	-	5,690	22,271
UNRESTRICTED CASH	121,731	49,049	-	170,780
TOTAL RESTRICTED & UNRESTRICTED CASH	753,778	93,169	57,828	789,119

EXECUTIVE SUMMARY

CONTRIBUTIONS TO CORPORATE FUND & RESERVES PROJECTED TO DECEMBER 31, 2025

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Budget	2025 Projected
Water	\$ 275,000	\$ (496,000)	\$ 4,258,000	\$ 2,756,000	\$ (1,000,323)	\$ (2,254,000)
Sewer	(4,385,000)	986,000	4,403,000	2,062,000	(1,396,394)	(232,000)
Solid Waste	2,750,000	2,530,000	930,000	(239,000)	1,933,821	2,367,000
Electric Distribution	8,562,000	2,472,000	(716,000)	2,717,000	1,006,161	1,289,000
Gas Distribution	5,076,000	3,823,000	(1,378,000)	162,000	582,783	1,111,000
Rate Based Utilities Subtotal	12,278,000	9,315,000	7,497,000	7,458,000	1,126,048	2,281,000
Land Development & Real Estate	2,447,000	3,776,000	765,000	1,840,000	2,103,173	(404,000)
Land Development & Real Estate Subtotal	2,447,000	3,776,000	765,000	1,840,000	2,103,173	(404,000)
Gas Production	(6,900,000)	(1,721,000)	(1,540,000)	(4,964,000)	(7,108,315)	(7,621,000)
Electric Generation	73,441,000	96,699,000	138,785,000	7,497,000	20,562,573	20,357,000
Energy Production Subtotal	66,541,000	94,978,000	137,245,000	2,533,000	13,454,258	12,736,000
Total Contributions	\$ 81,266,000	\$ 108,069,000	\$ 145,507,000	\$ 11,831,000	\$ 16,683,479	\$ 14,613,000
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	-
Operating Reserve	1,924,000	20,000,000	40,000,000	8,831,000	-	11,613,000
Medicine Hat Endowment Fund	3,266,000	46,913,800	29,101,000	-	-	-
Abandonment Obligations Reserve	-	-	-	-	-	-
Energy Transition Reserve	-	-	-	-	-	-
Total	\$ 81,266,000	\$ 108,069,000	\$ 145,507,000	\$ 11,831,000	\$ 16,683,479	\$ 14,613,000

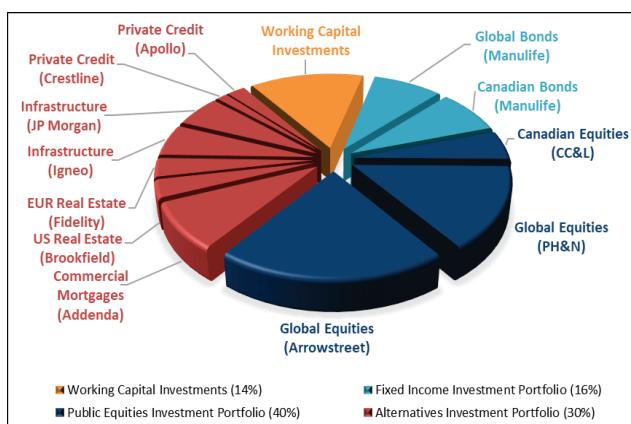
Investment Portfolio

\$834.9M Total Market Value	12 External Investments	11 External Managers	6.69% YTD Performance
---------------------------------------	-----------------------------------	--------------------------------	---------------------------------

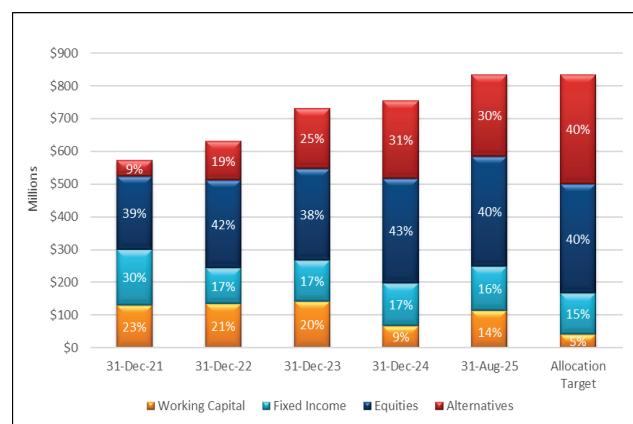
Asset Class	Manager	Market Value	% Total Portfolio	Unrealized Gain/Loss	YTD Return	YTD Benchmark
Working Capital	Internal	\$113,630,544	14%	\$1,549,518	2.28%	1.93%
Canadian Fixed Income	Manulife	\$65,836,375	8%	(\$5,812,926)	1.64%	1.07%
Global Fixed Income	Manulife	\$69,008,787	8%	(\$3,516,21)	4.52%	2.45%
Canadian Equities	CC&L	\$43,222,585	5%	\$6,289,536	15.63%	17.59%
Global Equities	PH&N	\$123,251,974	15%	\$7,302,554	7.19%	8.61%
Global Equities	Arrowstreet	\$170,394,049	20%	\$50,809,969	14.37%	9.13%
Commercial Mortgages	Addenda	\$71,028,472	9%	\$738,523	3.84%	2.69%
US Real Estate	Brookfield*	\$26,692,151	3%	(\$7,337,455)	-5.89%	4.93%
European Real Estate	Fidelity	\$27,925,011	3%	\$308,211	10.92%	4.93%
Infrastructure	Igneo	\$47,279,179	6%	\$4,772,433	1.50%	4.93%
Infrastructure	JP Morgan*	\$46,992,535	6%	\$5,727,622	4.20%	4.93%
Private Credit	Crestline*	\$11,220,355	1%	\$141,118	1.73%	4.93%
Private Credit	Apollo*	\$18,458,026	2%	\$68,502	2.32%	4.93%
Total Portfolio		\$834,940,045	100%	\$61,040,784	6.69%	5.60%

* Performance reporting is on a one quarter lag.

Investments by Mandate



Investments by Asset Class

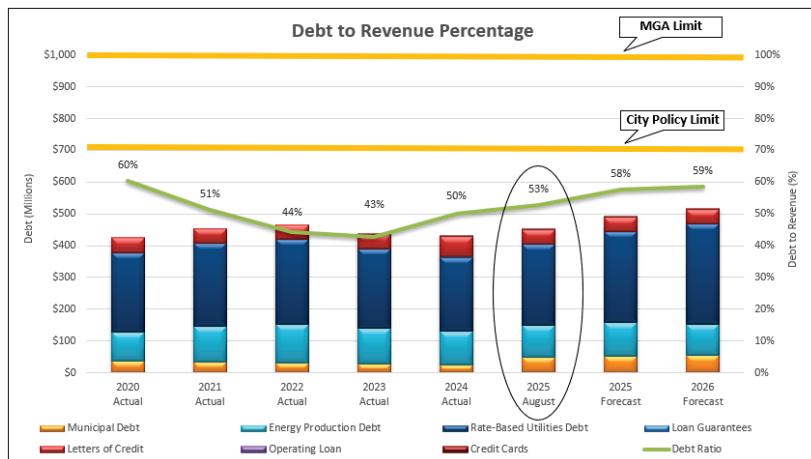


Debt Management

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 3.44%.

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 August 31, 2025, the City had debt outstanding of \$451.8 million consisting of \$403.8 million in long-term debt, \$46.5 million in letters of credit, \$0.5 million in credit cards and \$1.0 million in loan guarantees with an overall debt to revenue percentage of 53% of the revenue limit.

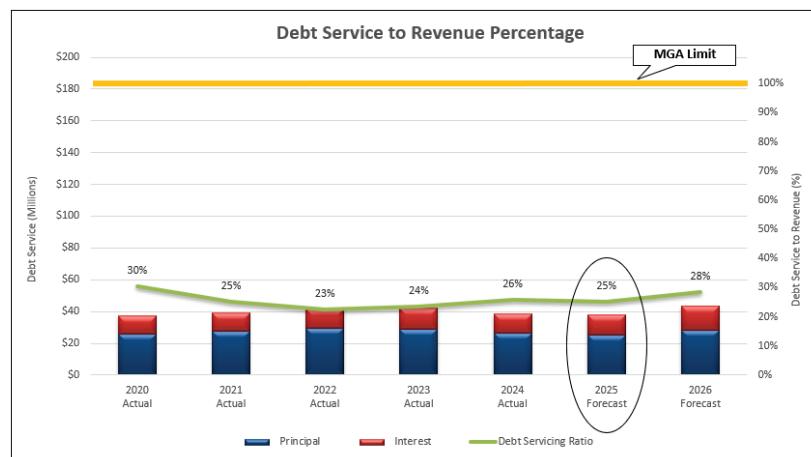


Note:

- 2019-2024 Actual
- 2025 August
- 2025-2026 Forecast
- Based on Audited Revenue and Debt
- Based on forecasted Revenue and actual Debt
- Based on forecasted Revenue and forecasted Debt
- An 18% and 16% respective 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 August 31, 2025, the City's Debt Servicing requirement for 2025 was forecasted to be 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 August 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

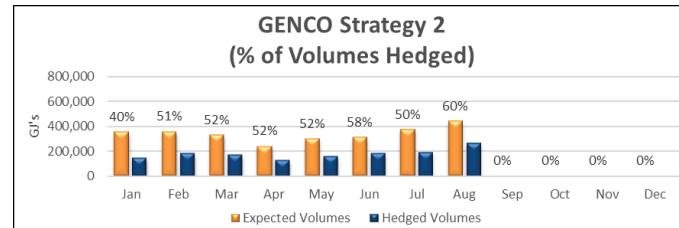
Strategy #1:

- Protect margins for a portion of demand from large commercial/industrial class customers.
- No hedges have been executed for this strategy so far 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
52% 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 (Aug 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, 2024)	Maturity (year)
Connaught Golf & Country Club	2013	\$965,000	\$561,427	2034
Medicine Hat Golf & Country Club	2012	\$675,000	\$384,467	2034
Medicine Hat Golf & Country Club	2017	\$100,000	\$38,230	2027
Total		\$1,740,000	\$984,124	

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

August 31, 2025



Management Reports

For the Period Ended August 31, 2025

TABLE OF CONTENTS

ENERGY, LAND & ENVIRONMENT

ELECTRIC GENERATION	2
UTILITY DISTRIBUTION SYSTEMS	6
ENVIRONMENT, LAND & GAS PRODUCTION	13
ENERGY MARKETING & BUSINESS ANALYSIS	22

DEVELOPMENT & INFRASTRUCTURE

ENVIRONMENTAL UTILITIES	24
MUNICIPAL WORKS	30
AIRPORT	33
PLANNING & DEVELOPMENT SERVICES	35

PROPERTY TAX & GENERAL MUNICIPAL REVENUES

37

GENERAL GOVERNMENT

MAYOR & COUNCILLORS	38
CITY MANAGER & MANAGING DIRECTORS	39
CITY SOLICITOR	40
CITY CLERK	42
PEOPLE SERVICES	44
ECONOMIC DEVELOPMENT	46

POLICE

49

CORPORATE SERVICES

COMMUNICATIONS ENGAGEMENT & MARKETING	51
FINANCE	53
FLEET & FACILITIES	57
INFORMATION & TECHNOLOGY	63
CORPORATE PLANNING & PERFORMANCE	68

PUBLIC SERVICES

FIRE & EMERGENCY SERVICES	70
PARKS & RECREATION	78
COMMUNITY DEVELOPMENT	83
OTHER ORGANIZATIONS	87

ELECTRIC GENERATION

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		Projected Actual		NOTE
					to Dec 31/25 at Aug 31/25	to Dec 31/25 at Aug 31/25	Projected	Actual	
Sales									
Gain/Loss on Risk Management Instrument	\$ -	\$ -	\$ (976)	\$ (976)	\$ (889)	\$ (889)	\$ (889)	\$ (889)	1
Sales to Power Pool	22,786	16,593	14,424	(2,169)	982	23,768	23,768	23,768	2
Sales to Retail	67,290	44,598	59,658	15,059	23,209	90,499	90,499	90,499	3
Sales	38,516	25,894	16,140	(9,755)	(10,710)	27,806	27,806	27,806	4
Total	128,592	87,086	89,245	2,160	12,592	141,185			
Cost of Sales									
Payment in Lieu of Taxes	3,456	2,642	2,278	364	(442)	3,898	3,898	3,898	5
Transmission Charges	1,726	1,255	1,563	(308)	(730)	2,456	2,456	2,456	6
Carbon Tax	11,944	11,944	6,337	5,607	5,607	6,337	6,337	6,337	7
Transfer (from) to Retail	(3,799)	(1,998)	14,535	(16,533)	(25,570)	21,771	21,771	21,771	8
Fuel	32,954	20,916	12,416	8,499	11,350	21,604	21,604	21,604	9
Electric Energy Purchase	11,487	7,615	7,362	253	(331)	11,817	11,817	11,817	10
Total	57,768	42,374	44,491	(2,118)	(10,116)	67,884			
Gross Margin	70,825	44,712	44,754	42	2,476	73,301			
Revenue									
Administration	-	-	23	23	23	23	23	23	
Total	-	-	23	23	23	23	23	23	
Expenses									
Administration	2,720	1,674	1,712	(38)	136	2,584	2,584	2,584	
Operations	5,397	3,229	3,012	217	-	5,397	5,397	5,397	
Other	-	-	10	(10)	-	-	-	-	
Engineering	769	467	349	118	-	769	769	769	
Maintenance	7,418	4,698	4,369	329	355	7,063	7,063	7,063	
Total	16,303	10,068	9,453	615	491	15,813			11
Earnings Before Internal Cost Allocations	\$ 54,521	\$ 34,644	\$ 35,324	\$ 680	\$ 2,990	\$ 57,511			
Internal Revenue	158	105	70	(35)	-	158	158	158	
Internal Expenses	7,245	6,692	6,666	26	-	7,245	7,245	7,245	
	(7,087)	(6,587)	(6,596)	(9)	-	(7,087)			
Earnings Before Interest, Taxes and Amortization	\$ 47,434	\$ 28,056	\$ 28,728	\$ 672	\$ 2,990	\$ 50,424			
Interest Expense	(2,677)	(2,677)	(2,662)	15	15	(2,662)	(2,662)	(2,662)	
Amortization	(18,960)	-	-	-	(1,793)	(20,753)	(20,753)	(20,753)	12
Accretion of Asset Retirement Obligations	(45)	-	-	-	(1,553)	(1,598)	(1,598)	(1,598)	13
Net Earnings / (Loss)	\$ 25,753	\$ 25,379	\$ 26,065	\$ 686	\$ (341)	\$ 25,411			
Unrealized Gain/Loss on Risk Management Instrument	-	-	(530)	(530)	(530)	(530)	(530)	(530)	14
Free Cash Flow (transfer (to)/from reserve)	(17,346)	-	-	-	(3,011)	(20,357)	(20,357)	(20,357)	15
Transfer to Capital	(22,075)	-	-	-	-	-	-	-	(22,075)
Net Earnings / (Loss) after Transfers	\$ (13,669)	\$ 25,379	\$ 25,535	\$ 156	\$ (3,882)	\$ (17,551)			

OPERATING NOTES

- Gain/Loss on Risk Management Instrument is currently -\$976K unfavourable due to the revaluation of carbon credits used to settle compliance obligations in the year (-\$1.1M), partially offset by instruments that have settled in the money year-to-date (\$89K). The variance is forecasted to be -\$889K unfavourable by yearend as outstanding risk management instruments are forecasted to settle in the money.
- Sales to Power Pool are -\$2.2M unfavourable, mostly due to mild weather and low gas prices causing the Pool Price to be 27% lower than forecasted at budget. The variance is projected to be \$982K favourable by yearend due to recent market volatility and price forecasts showing more economic opportunities to export when prices are high, recovering from previous unfavourable variances.
- Sales to Retail has a \$15.1M favourable variance due to price and volume. Price is \$15.7M favourable, while volume is -\$0.6M unfavourable. The forecast of \$23.2M favourable by yearend is the result of price and volume. Price is projected to be \$23.8M favourable, offset by an unfavourable volume forecast of -\$0.6M. The favourable price is due to transferring large commercial and industrial volumes at Rate of Last Resort (ROLR) to Retail.
- Third Party Sales are currently -\$9.8M unfavourable due to less third-party electricity sales resulting from outages that occurred from January to March and fewer Ancillary Services sales. The variance is expected to increase to -\$10.7M unfavourable by yearend due to the lower forecasted Ancillary Services sales.
- Payment in Lieu of Taxes is \$364K favourable based on the estimated year-to-date taxable amount. The forecasted variance is expected to be -\$442K unfavourable at yearend as Sales to the Power Pool increase.

ELECTRIC GENERATION

For the Period Ended August 31, 2025

6. Transmission charges are -\$308K unfavourable due to an increase in the transmission tariff charged on Pool Sales. The variance is projected to be -\$730K unfavourable by yearend due to the forecasted increase in Pool Sales and higher transmission tariff charged.
7. Carbon Tax expense is \$5.6M favourable due to optimization of the business unit's carbon credit portfolio by acquiring lower cost credits. The favourable variance will continue to yearend.
8. Transfer to Retail is currently \$14.5M and is forecast to be \$21.8M at yearend. This is higher than budget due to large commercial and industrial volumes being paid to Electric Generation at the ROLR market rate which is higher than the budgeted transfer rate.
9. Fuel is \$8.5M favourable to date due to lower fuel prices and overall less fuel used as a result of less power being generated and sold to the grid to date. The variance is projected to be \$11.4M favourable at yearend due to the projected decrease in fuel price.
10. Electric Energy Purchases are \$253K favourable year-to-date due to less energy purchased from third-parties. The variance is projected to be -\$331K unfavourable at yearend due to increased opportunities to purchase low-cost energy.
11. Maintenance expenses are currently \$329K favourable, primarily due to vacant positions. This variance is projected to continue to yearend.
12. Amortization is projected to be -\$1.8M unfavourable as a result of an Asset Retirement Obligation (ARO) study which resulted in an increased long-lived asset to amortize.
13. Accretion of Asset Retirement Obligation is projected to be -\$1.6M unfavourable as a result of the recently completed ARO study resulting in an increased ARO liability.
14. Unrealized Gain/Loss on Risk Management Instrument is currently -\$530K 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. The unfavourable variance will carry forward to yearend.
15. Free Cash Flow (transfer (to/from reserve) is projected to be -\$3.0M unfavourable at yearend as a result of less cash flow required to sustain operations.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Fall outage planning complete.
- T-11 Bushing replacement and breaker maintenance completed.
- Unit 16 turbine core arrived at site for replacement this fall.

Planned Next Four Months

- Fall outages planned and materials at site.
- Installation of Unit 16 Turbine core. Ship old core to depot for major rebuild.
- Orders for 2026 capital work materials in fabrication for 2026 outages.
- Continue to look at clean energy technologies and other options for energy transition.

ELECTRIC GENERATION

For the Period Ended August 31, 2025

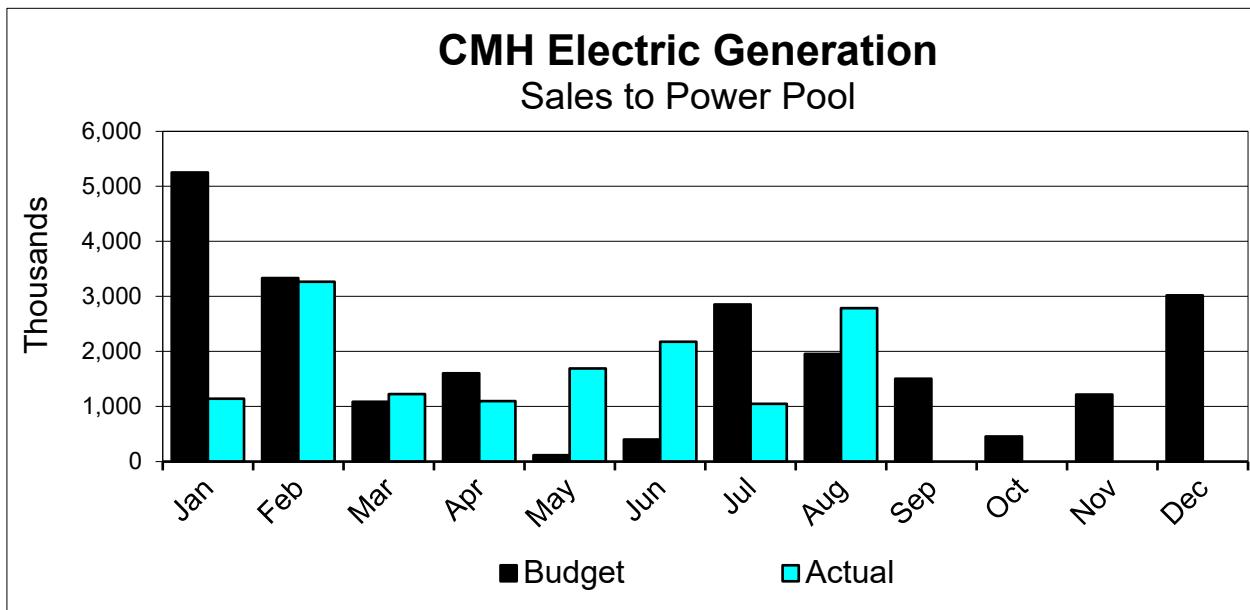
Report on Business Plan Goals

Risk Based Asset Management Program 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.	PROGRESS <ol style="list-style-type: none">1. Asset Management plan for Electric Generation work continues. Items need to be adjusted to fit within the current market cycle. Critical items have risks identified and a mitigation strategy.2. Participated in city wide Risk Management program as it relates to Electric Generation.3. Long term capital project to extend life of power generating assets has been adjusted for current market trends and continues to develop.
Continue to Improve Safety and Regulatory Compliance Management Improve Safety Culture and Performance and develop and internalize regulatory reporting requirements while improving non-compliances.	PROGRESS <ol style="list-style-type: none">1. Ensure all work is done safely, continue to transition all high intensity discharges, ensure near misses and incidents are entered into Prismatic and that any required follow up is completed.2. Regular Joint Health and Safety meetings to continue with required participation.
Growth and Decarbonization Initiatives 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.	PROGRESS <ol style="list-style-type: none">1. Participate in due diligence work on Saamis Solar project to ensure viability.2. Continue to analyze other decarbonized energy options and opportunities that may be suitable for Medicine Hat.
Operational Excellence 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.	PROGRESS <ol style="list-style-type: none">1. Numerous capital projects for fall outage prepared and ready to be 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 for review this fall.3. Optimized run times to take advantage of high price opportunities when available.
Ensuring Success for the Future with a Focus on Our People 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.	PROGRESS <ol style="list-style-type: none">1. Continue to look at ways to complete work more efficiently. Possibility of some work being transferred to others.2. Continue to work to improve efficiencies within the department where possible.3. Ensure all employees have development plans so they may advance or change career within the city.

ELECTRIC GENERATION

For the Period Ended August 31, 2025

Report on Performance Measures



ELECTRIC DISTRIBUTION

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected		Projected Actual Aug 31/25	NOTE		
					Favourable / (Unfavourable) Variance					
					to Dec 31/25 at Aug 31/25	Aug 31/25				
Revenue										
Distribution Sales	\$ 24,339	\$ 16,140	\$ 16,150	\$ 10	\$ 10	\$ 24,348				
Operations	445	257	319	62	62	507				
Total	24,783	16,397	16,469	72	72	24,855				
Expenses										
Administration	1,496	951	1,227	(276)	(225)	1,721	1			
Operations	7,487	4,798	4,787	11	(300)	7,787	2			
Engineering	1,723	1,101	731	371	400	1,323	3			
Total	10,707	6,850	6,744	106	(125)	10,832				
Earnings Before Internal Cost Allocations	\$ 14,077	\$ 9,547	\$ 9,725	\$ 178	\$ (53)	\$ 14,024				
Internal Revenue	2,529	1,714	1,959	245	245	2,775	4			
Internal Expenses	6,820	6,047	5,917	129	129	6,691	5			
	(4,291)	(4,333)	(3,958)	375	375	(3,916)				
Earnings Before Interest, Taxes and Amortization	\$ 9,786	\$ 5,214	\$ 5,767	\$ 552	\$ 322	\$ 10,108				
Interest Expense	(1,558)	(1,558)	(1,501)	57	57	(1,501)				
Amortization Expense	(5,912)	-	-	-	-	(5,912)				
Accretion of Asset Retirement Obligations	(70)	-	-	-	-	(70)				
Net Earnings / (Loss)	\$ 2,246	\$ 3,656	\$ 4,266	\$ 610	\$ 379	\$ 2,625				
Free Cash Flow (transfer (to)/from reserve)	(1,006)	-	-	-	(283)	(1,289)	6			
Transfer to Capital	(3,983)	-	-	-	-	(3,983)				
Transfer from (to) reserve	-	-	130	130	130	130	7			
Net Earnings / (Loss) after Transfers	\$ (2,743)	\$ 3,656	\$ 4,396	\$ 740	\$ 226	\$ (2,517)				

OPERATING NOTES

1. Administration expenses are -\$276K unfavourable primarily due to unbudgeted employee benefits (-\$315K), partially offset by a position vacancy. The variance will decrease slightly to -\$225K unfavourable as the position is anticipated to be filled later in the year.
2. Operations expenses are projected to be -\$300K unfavourable due to unbudgeted substation maintenance (-\$50K) and unbudgeted substation assessments (-\$250K).
3. Engineering expenses are \$371K favourable primarily due to staff vacancies (\$152K) and staff time charged to capital (\$193K). The favourable variance is expected to increase to \$400K by yearend as a result of the staff vacancy (\$150K) and time charged to capital (\$250K).
4. Internal Revenue is \$245K favourable primarily due to an increased recovery of administration overhead due to the related increase in administration expenses. The favourable variance is expected to continue to yearend.
5. Internal Expenses are \$129K favourable due to positional vacancies in support departments and as a result, cost savings passed on via internal charges.
6. Free Cash Flow (transfer (to)/from reserve) is projected to be -\$283K unfavourable at yearend as a result of less cash flow required to sustain operations.
7. Transfer from (to) reserve is \$130K favourable as funds were returned to working capital for a project that was under budget. The favourable variance will carry forward to yearend.

GAS DISTRIBUTION

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance		Projected to Dec 31/25 at Aug 31/25	Projected to Dec 31/25 at Aug 31/25	Actual	Projected				
				(Unfavourable)									
				Variance	Projected								
Revenue													
Distribution Sales	\$ 16,468	\$ 11,606	\$ 11,412	\$ (194)	\$ (194)	\$ 16,274	\$ 16,359	1	1				
Operations	-	-	1	1	1	1	1	84	84				
Rechargeable	-	-	84	84	84	84	84	84	84				
Total	16,468	11,606	11,497	(109)	(109)	16,274	16,359						
Expenses													
Administration	176	117	-	117	176	-	-	-	2				
Operations	2,011	1,298	1,192	106	150	1861	1,861	3	3				
Engineering	1,264	806	830	(24)	-	1,264	1,264						
Rechargeable	4,508	3,010	2,299	710	710	3,798	3,798	4	4				
Total	7,958	5,230	4,321	910	1,036	6,922	6,922						
Earnings Before Internal Cost Allocations	\$ 8,510	\$ 6,376	\$ 7,176	\$ 801	\$ 927	\$ 9,437	\$ 9,437						
Internal Revenue	18	12	92	80	80	98	98						
Internal Expenses	3,963	3,461	3,575	(114)	(114)	4,076	4,076	5	5				
	(3,945)	(3,449)	(3,483)	(34)	(34)	(3,978)	(3,978)						
Earnings Before Interest, Taxes and Amortization	\$ 4,565	\$ 2,927	\$ 3,694	\$ 767	\$ 894	\$ 5,459	\$ 5,459						
Interest Expense	(722)	(722)	(619)	103	103	(619)	(619)	6	6				
Amortization Expense	(2,546)	-	-	-	-	(2,546)	(2,546)						
Net Earnings / (Loss)	\$ 1,297	\$ 2,205	\$ 3,075	\$ 870	\$ 996	\$ 2,293	\$ 2,293						
Free Cash Flow (transfer (to)/from reserve)	(583)	-	-	-	(528)	(1,111)	(1,111)	7	7				
Transfer to Capital	(1,798)	-	-	-	-	(1,798)	(1,798)						
Net Earnings / (Loss) after Transfers	\$ (1,084)	\$ 2,205	\$ 3,075	\$ 870	\$ 468	\$ (616)	\$ (616)						

OPERATING NOTES

1. Distribution Sales are -\$194K unfavourable due to reduced consumption from rate Class A & B customers. The unfavourable variance is anticipated to carry forward to yearend.
2. Administration expenses are \$117K favourable due to unutilized contracted services as a result of a position vacancy. The variance is expected to continue and increase to \$176K favourable by yearend.
3. Operations expenses are \$106K favourable as a result of a position vacancy. The variance is expected to continue and increase to \$150K favourable by yearend.
4. Rechargeable expenses are \$710K favourable due to lower gas transportation contract expenses. The favourable variance is expected to continue to yearend.
5. Internal Expenses are -\$114K unfavourable primarily due to increased charges from Electric Distribution as a result of increased administration expenses being split between Gas & Electric. The unfavourable variance is expected to continue to yearend.
6. Interest Expense is \$103K favourable due to delayed borrowing on multi-year capital projects. The favourable variance will carry forward to yearend.
7. Free Cash Flow (transfer (to)/from reserve) is projected to be -\$528K unfavourable at yearend as a result of less cash flow required to sustain operations.

UTILITY DISTRIBUTION SYSTEMS

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Completed the Gas Distribution 2025 leak survey program, including approximately 85 kms of high-pressure pipeline, rural system, new construction, 152 kms of main and 7,264 services.
- Ongoing cyclical replacement of gas and electrical revenue meters as part of the Utility's compliance with Federal Measurement Canada regulations. Gas Distribution has changed 1,634 AC250 meters, 384 AL425 meters, 60 AC630 meters, 179 AL1000 meters, and 111 Rotary meters – total of 2,368 meters.
- Ongoing emergency responses for gas related emergencies including (67) carbon monoxide calls, (13) fire calls, (7) hit gas lines, (100) inside odor calls, (97) outside odor calls, (37) no gas calls and (175) miscellaneous calls that do not fit into the previous categories.
- Completed the annual update to the Gas Distribution and transmission loading model.
- Ongoing preventative maintenance and inspections on gas related infrastructure.
- 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.
- Electric Substation most tap changer servicing and all of the end-of-life bushing replacement projects are complete.
- 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.
- South Boundary Feeder Project: Final phase completed ahead of schedule, enhancing reliability for a major commercial electric customer. Over 3,000 meters of primary cable replaced.
- Transformer Replacement: 27 end-of-life electric transformers replaced with minimal service disruption.
- Industrial Feeder Repair: Fault-damaged cable serving a critical industrial partner was replaced.
- Porcelain Cutout Switches: Ongoing replacement of aging electric overhead switches to improve reliability.
- Conductor Upgrades: Transition from legacy copper to modern aluminum conductor steel reinforced (ACSR) electric conductor continues.

Planned Next Four Months

- Ongoing cyclical replacement of gas and electrical revenue meters as part of compliance with Federal Measurement Canada regulations.
- Ongoing preventative maintenance on the Gas Distribution system.
- Ongoing emergency response for gas related emergencies.
- Ongoing preventative maintenance on gas related infrastructure.
- Ongoing design and construction for 2025 infrastructure reinvestment project areas.
- 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.
- Electric Distribution capital projects for asset renewal remain on track through December.
- Ongoing inspections, maintenance, and infrastructure upgrades across electric distribution network.
- Reinforcing safety compliance and training for third-party activities near power lines.
- 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 August 31, 2025

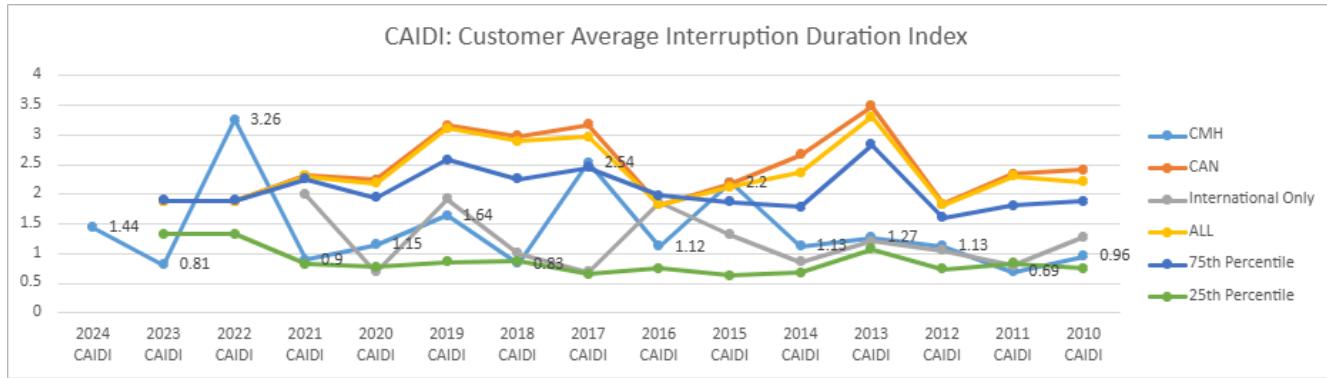
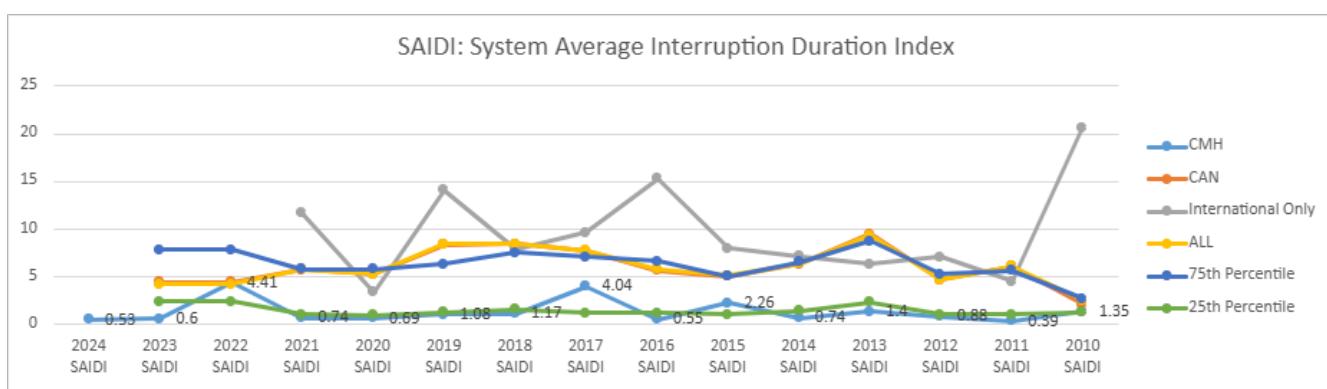
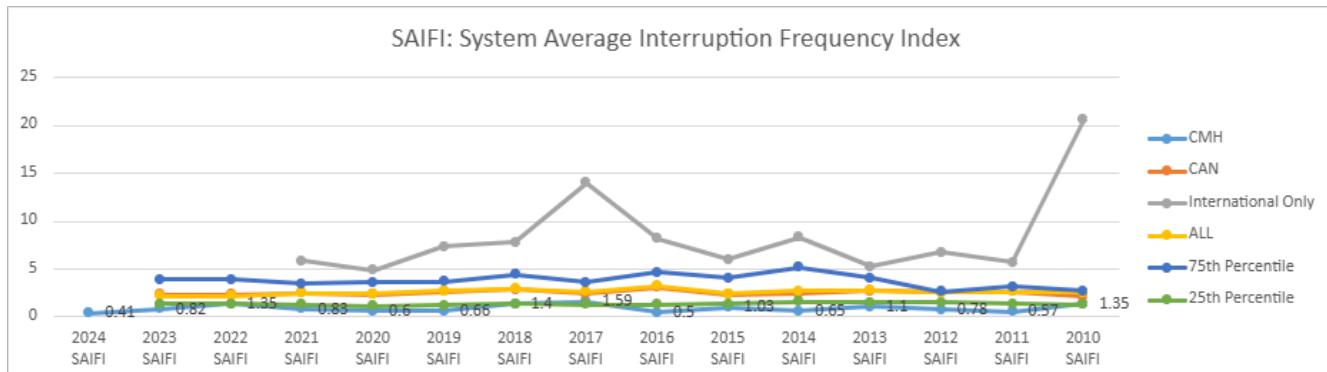
Report on Business Plan Goals

Sustainable Infrastructure	PROGRESS
<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>	<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>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>	<ol style="list-style-type: none">1. Alberta Safety Codes Council Sub-Committee for Electric Utilities active participation was demonstrated, engaging in discussions on Safety Code Officer Practice and Certification Requirements with a particular focus on development and improvement of the Alberta Electric Utility Code. The Q3 meeting is forthcoming, and preparations are underway for continued involvement.2. Completed updates to the Microgeneration / Distributed Energy Resource (DER) Guide for Interconnection to include Inverter based connection protocol for DER's.3. Completed the internal audit for the Electrical Part B Safety Codes Quality Management Plans.4. Completed the annual Quality Management Plan review and approval for the Gas Distribution System with the Alberta Rural Utilities (ARU).5. Gas Distribution has 4 outstanding meters to replace for the cyclic meter replacement program.6. Gas Distribution has completed the 2025 Annual Leak Survey.7. 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>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>	<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 August 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.

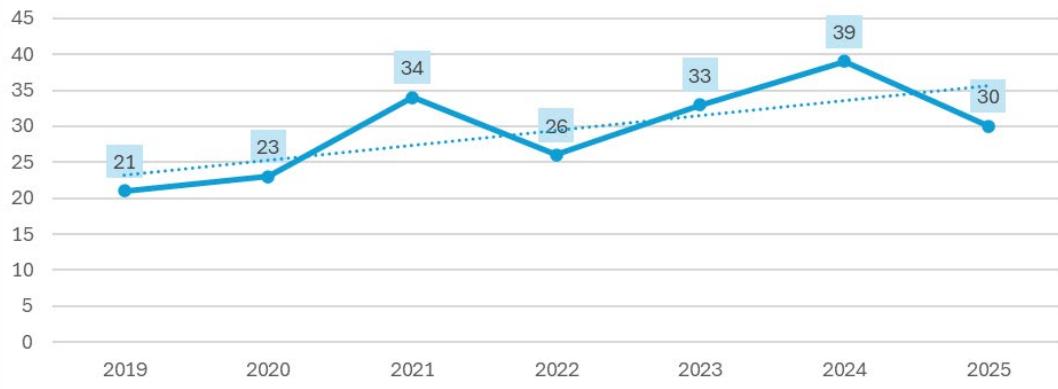
SAIDI (System Average Interruption Duration Index) = the total customer-hours of interruptions per year divided by the total number of customers served.

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 August 31, 2025

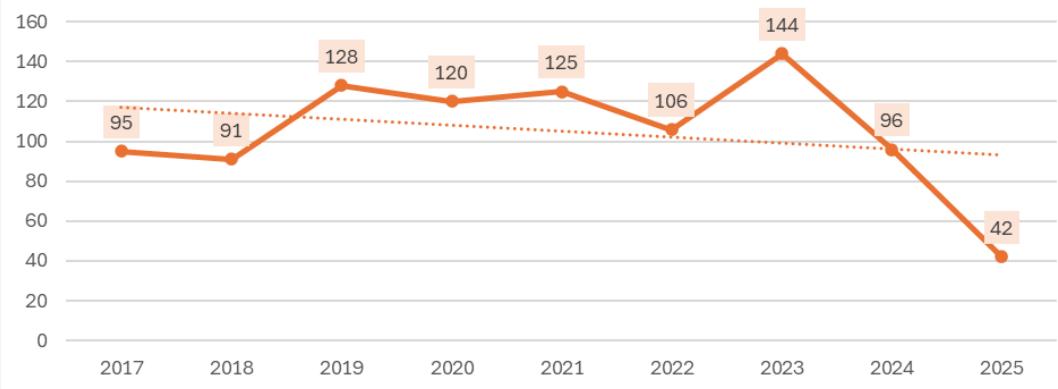
CMH-EO New Commercial Services - Year Over Year



CMH-EO Permanent Residential Services - Year over Year

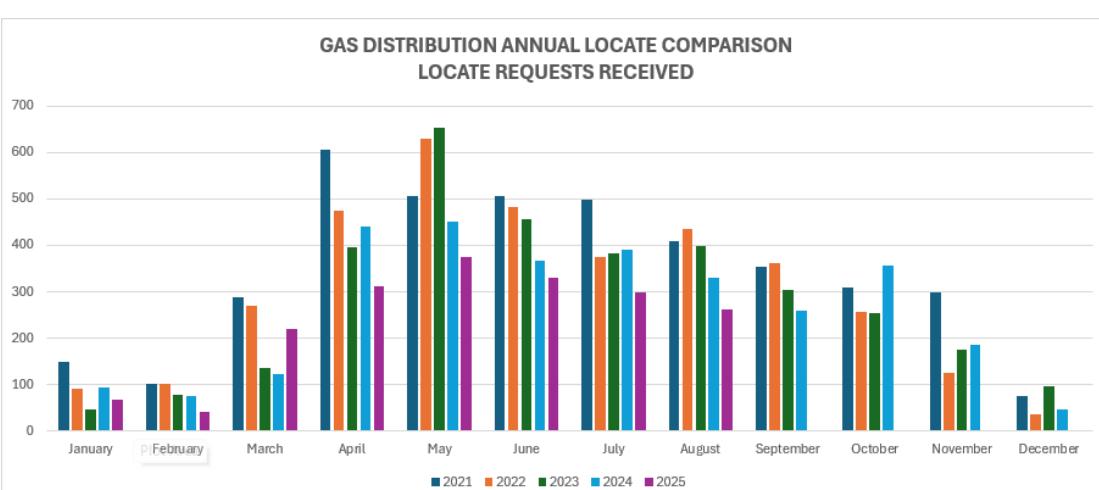
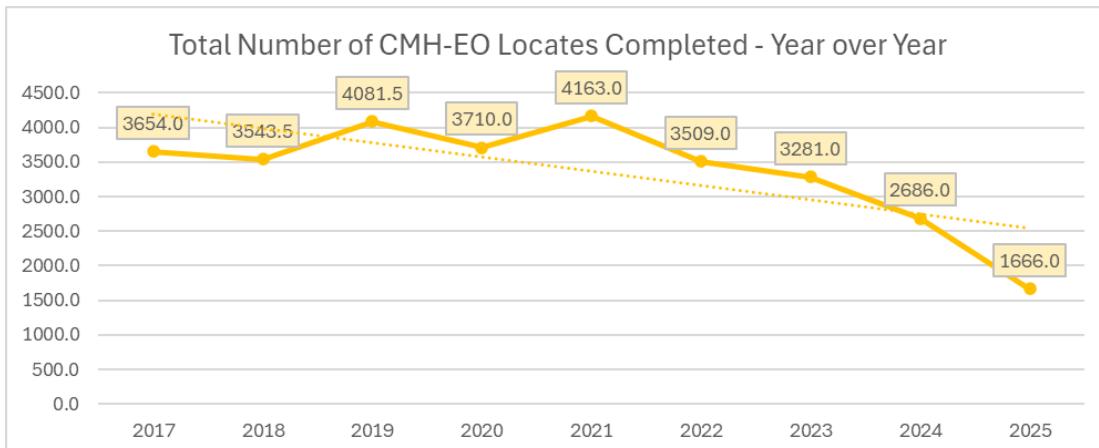


CMH-EO Residential Service Upgrades - Year over Year



UTILITY DISTRIBUTION SYSTEMS

For the Period Ended August 31, 2025



	January	February	March	April	May	June	July	August	September	October	November	December
2021	150	102	287	607	507	507	498	410	355	308	298	76
2022	92	101	271	474	631	483	376	436	361	257	124	35
2023	47	79	137	396	653	457	382	399	305	254	175	97
2024	94	76	122	441	451	368	390	331	258	357	185	47
2025	68	40	221	311	376	331	299	263	-	-	-	-

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	NOTE
Gas Average Daily Volume (mcf/d)	10,180	10,250	9,496	(754)	-	10,180	
Gas Sales Volume (mcf)	3,715,806	2,490,698	2,307,489	(183,208)	(237,806)	3,478,000	
Spot Gas Price (\$/mcf)	\$2.71	\$2.56	\$1.62	(\$0.94)	(\$0.88)	\$1.84	
Oil Daily Volume (bbl/d)	8	8	11	4	-	8	
Oil Sales Volume (bbl)	2,907	1,957	2,637	680	-	2,907	
Oil Price (\$/bbl)	\$85.14	\$86.06	\$81.43	(\$4.63)	(\$5.14)	\$80.00	
Sales							
Gas Sales from Production	\$ 10,085	\$ 6,366	\$ 3,740	\$ (2,626)	\$ (4,196)	\$ 5,889	1
Oil Sales	248	168	215	46	-	248	
Sales of Purchased Gas	32,907	21,589	14,541	(7,048)	(7,339)	25,568	2
Total	43,240	28,124	18,496	(9,628)	(11,535)	31,705	
Cost of Sales							
Transportation	638	428	333	94	-	638	
Gas Purchases	32,907	21,589	15,015	6,574	7,339	25,568	2
Transfer (from) to Retail	(7)	12	(426)	437	468	(475)	3
Total	33,538	22,029	15,045	6,984	7,807	25,731	
Gross Margin	9,702	6,095	3,451	(2,643)	(3,728)	5,973	
Revenue							
Other Sales & Services	89	59	346	287	287	376	4
Royalties	(156)	(99)	(98)	-	-	(156)	
Total	(67)	(40)	248	287	287	220	
Expenses							
Administration	1,755	1,181	1,261	(80)	39	1,716	
Operations & Maintenance	10,666	7,926	7,125	801	(700)	11,366	5
Total	12,421	9,107	8,386	721	(661)	13,082	
Earnings Before Internal Cost Allocations	\$ (2,787)	\$ (3,051)	\$ (4,687)	\$ (1,635)	\$ (4,102)	\$ (6,889)	
Internal Expenses	3,830	3,179	2,841	338	350	3,480	6
Total	(3,830)	(3,179)	(2,841)	338	350	(3,480)	
Earnings Before Interest, Taxes and Amortization	\$ (6,617)	\$ (6,230)	\$ (7,528)	\$ (1,298)	\$ (3,752)	\$ (10,369)	
Interest Expense	(491)	(491)	(491)	-	-	(491)	
Depreciation/Depletion/Accretion	(12,791)	(8,527)	(7,706)	821	1,232	(11,559)	7
Gain (Loss) on Disposal of Assets	-	-	3,245	3,245	3,245	3,245	8
Net Earnings / (Loss)	\$ (19,899)	\$ (15,249)	\$ (12,480)	\$ 2,769	\$ 725	\$ (19,174)	
Free Cash Flow (transfer (to)/from reserve)	7,108	-	-	-	513	7,621	9
Net Earnings / (Loss) after Transfers	\$ (12,791)	\$ (15,249)	\$ (12,480)	\$ 2,769	\$ 1,238	\$ (11,553)	

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended August 31, 2025

OPERATING NOTES

1. Gas Sales from Production are -\$2.6M unfavourable due to lower spot prices this year and lower production volumes. Lower production was due to winter freeze offs from extremely low temperatures and due to shutdowns for plant turn arounds and equipment overhauls. An unfavourable variance of -\$4.2M is estimated by yearend due to consistently lower gas price (-\$0.88 unfavourable per mcf) than budgeted. Volumes are estimated to be slightly lower than budget due to the distribution departments 20" pipeline maintenance project causing reduced production volumes at the Northeast plant.
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 -\$7.0M unfavourable due to lower natural gas price as a result of exported volumes out of Alberta with BC and US border restrictions on Natural Gas and Transmission Lines (NGTL). Gas Purchases are \$6.6M favourable due to lower natural gas price. This trend should continue until yearend with an expected variance of \$7.3M lower as a result of spot price and volume reduction for opportunity sales.
3. Transfer from Retail is \$437K favourable primarily 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). \$468K favourable variance is projected at yearend due to favourable cost of purchased gas variance driven by lower gas prices than budgeted. This variance will carry through to yearend.
4. Other Sales & Services is \$287K favourable primarily due to higher transportation revenue from third parties (\$95K), royalty revenue (\$90K), road usage income (\$53K) and overhead recoveries (\$41K). This variance is expected to continue to yearend.
5. Operations & Maintenance is \$801K favourable mainly due to lower surface lease rental costs (\$581K), as a result of completed reclamations and timing, and lower property taxes (\$220K) due to timing. An unfavourable variance of -\$700K is estimated by yearend mainly due to higher than budgeted turnaround work and major overhauls.
6. Internal Expenses are \$338K favourable due to lower than budgeted Gas Production support costs from Energy Marketing and Business Analysis (\$273K) and utility costs (\$53K). This variance is expected to continue to yearend.
7. Depreciation/Depletion/Accretion is \$821K favourable mainly due to lower depreciation as a result of lower Asset Retirement Obligation (ARO) asset valuation in December 2024 (\$711K) for Northeast and Medicine Hat Cash Generating Units (CGUs). This trend will continue to yearend.
8. Gain (Loss) on Disposal of Assets is \$3.2M favourable due to sale of Gas Production assets. This variance is projected to continue to yearend.
9. Free Cash Flow (transfer (to)/from reserve) is projected to be \$513K favourable at yearend as a result of additional cash flow required to sustain operations.

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.

Planned Next Four Months

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

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended August 31, 2025

Report on Business Plan Goals

Operational Excellence	PROGRESS
<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>	<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.
<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>	<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 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>	<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 sixty-eight reclamation certificates were achieved in 2025 to date. Eighty-nine reclamation certificates were achieved in 2024.

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended August 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
Preventable Vehicle Incidents	0	0	0	0	0	0
High Risk Environmental Incidents	0	0	0	0	0	2
High Risk Regulatory Incidents	0	0	1	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	Forecast	Variance
Natural Gas (mcf/d)	10,180	9,529	-6%
Oil (bbl/d)	8	8	0%
Total (boe/d)	1,705	1,596	-6%

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	Forecast	Variance
Admin Costs (\$/boe)	\$2.82	\$2.95	-4%
NG Lifting Costs (\$/mcf)	\$1.55	\$1.83	-15%
Oil Lifting Costs (\$/bbl)	\$43.64	\$93.89	-54%
Carrying Cost per ARO Site (\$/Site)	\$2,334	\$2,203	6%

Notes

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

Definitions

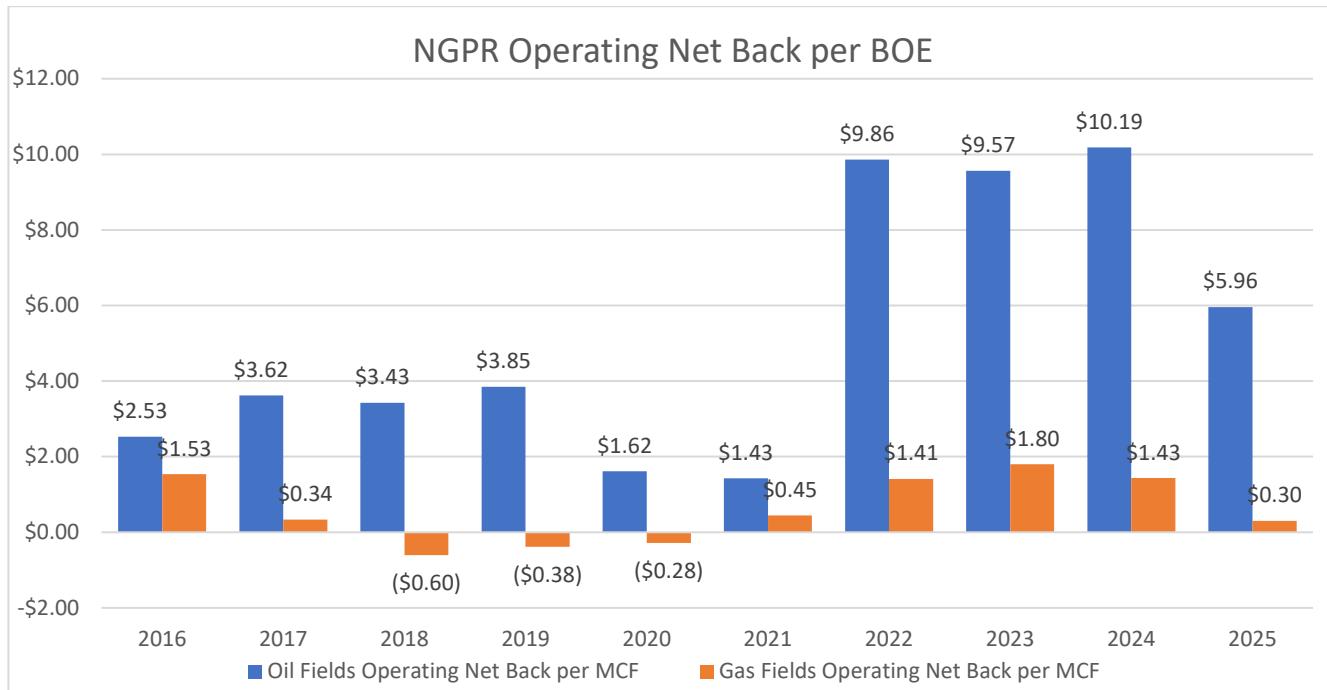
- Lifting Cost – the costs to operate/maintain wells, related equipment and facilities for oil and gas produced by the latter after the hydrocarbons have been found/acquired and developed for production.

A & R Program T1

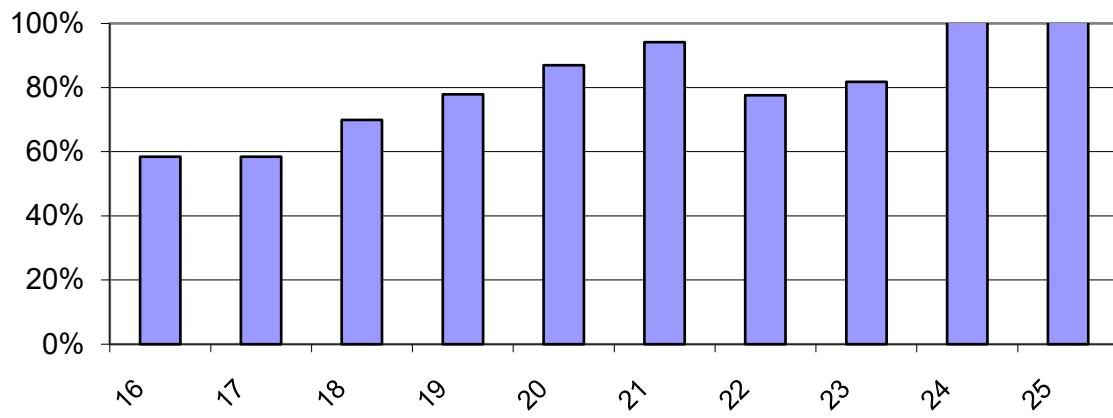
Reclamation Certificates	YTD
Sites to Closure	68

ENVIRONMENT, LAND & GAS PRODUCTION - GAS

For the Period Ended August 31, 2025



Gas Production Liabilities as a % of Total Assets



ENVIRONMENT, LAND & GAS PRODUCTION - LAND

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected to Dec 31/25 at Aug 31/25	Projected to Dec 31/25 at Aug 31/25	Actual to Dec 31/25 at Aug 31/25	Projected Favourable / (Unfavourable)
Sales								
Residential Land Sales	\$ 3,029	\$ 2,018	\$ 3,409	\$ 1,391	\$ 2,324	\$ 5,353	\$ 5,353	1
Commercial Land Sales	250	167	172	5	282	532	532	2
Total	3,279	2,185	3,581	1,396	2,607	5,885		
Cost of Sales								
Residential Land Sales	2,458	1,638	3,059	(1,421)	(2,267)	4,725	4,725	3
Commercial Land Sales	521	347	526	(179)	(19)	540	540	4
Total	2,979	1,985	3,586	(1,600)	(2,287)	5,266		
Gross Margin	300	200	(5)	(204)	320	619		
Revenue								
Operations	844	566	724	158	17	860	860	5
Other	3	2	-	(2)	-	3	3	
Total	847	568	724	156	17	864		
Expenses								
Administration	851	546	493	54	85	766	766	6
Operations	250	166	209	(43)	(102)	352	352	6
Other	130	86	21	66	105	25	25	
Total	1,230	799	723	76	87	1,143		
Earnings Before Internal Cost Allocations	\$ (83)	\$ (31)	\$ (3)	\$ 28	\$ 424	\$ 340		
Internal Revenue	130	-	-	-	-	130	130	
Internal Expenses	870	863	868	(5)	-	870	870	
	(740)	(863)	(868)	(5)	-	(740)		
Earnings Before Interest, Taxes and Amortization	\$ (824)	\$ (894)	\$ (871)	\$ 23	\$ 424	\$ (400)		
Interest Expense	(4)	(4)	(4)	-	-	(4)	(4)	
Amortization	(308)	-	1	1	-	(308)	(308)	
Net Earnings / (Loss)	\$ (1,136)	\$ (898)	\$ (874)	\$ 24	\$ 424	\$ (712)		
Free Cash Flow (transfer (to)/from reserve)	(2,103)	-	-	-	-	2,507	404	7
Net Earnings / (Loss) after Transfers	\$ (3,239)	\$ (898)	\$ (874)	\$ 24	\$ 2,931	\$ (308)		

OPERATING NOTES

1. Residential Land Sales are \$1.4M favourable due to 33 lots being sold from January to August, while only 17 lot sales were budgeted (\$2.0M), offset by a budget oversight which will be corrected in the 2026 budget update (-\$576K). This favourable sales variance is projected to increase to \$2.3M at yearend due to the expected sale of an additional 16 lots in 2025.
2. Commercial Land Sales are projected to be \$282K favourable due to the expectation of selling 2 commercial lots, while only 1 lot was budgeted for.
3. Residential Cost of Sales are unfavourable -\$1.4M due to 33 lots being sold from January to August, while only 17 lot sales were budgeted (-\$1.6M), offset by a budget oversight which will be corrected in the 2026 budget update (\$195K). This unfavourable cost of sales variance is projected to increase to -\$2.3M at yearend due to the expected sale of an additional 16 lots in 2025.
4. Commercial Cost of Sales are -\$179K unfavourable due to the timing of sales and the budget being recognized on a monthly basis. This unfavourable variance is projected to decrease to -\$19K at yearend as the remaining budget is recognized over the remainder of the year.
5. Operations revenue is \$158K favourable due to higher than budgeted land rentals (\$130K) as a result of timing of lease payments and an unbudgeted lane purchase (\$29K). This favourable variance is projected to decrease to \$17K at yearend as the remaining budget is recognized over the remainder of the year.
6. Operations expenses are projected to be -\$102K unfavourable due to unbudgeted hazardous materials removal and demolition costs for 770 1st Street SW. This is offset by a favourable variance in Other Expenses due to unspent contracted services.
7. Free Cash Flow (transfer (to)/from reserve) is projected to be \$2.5M favourable at yearend as a result of additional cash flow required to sustain operations.

ENVIRONMENT, LAND & GAS PRODUCTION - LAND

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continuation of single-family residential lot sales in Saamis 7, Ranchlands, and Southlands to multiple builders.
- 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:
 - two multi-family properties: the purchasers are progressing on their condition's precedent.
 - a former City owned commercial building: the purchaser is advancing on their due diligence and conditions precedent.
- Closed on the sale of a former City owned commercial building, located at 532 South Railway Street SE.
- Land and Real Estate Strategy completed in Q2.
- Began de-risking efforts to complete 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.
- Begin implementing initiatives from the Land Strategy:
 - forthcoming update to policy and procedure by Q4 2025.
 - reset the land development capital budget by Q4 2025.
- 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 summer maintenance on land inventory, transition to winter maintenance activities.

Report on Business Plan Goals

Land Strategy	PROGRESS
<p>Land Strategy</p> <p>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.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">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.<ol style="list-style-type: none">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.

ENVIRONMENT, LAND AND GAS PRODUCTION – TAX SUPPORTED

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	NOTE
Revenue							
Environmental Strategy Administration	\$ 398	\$ 274	\$ 278	\$ 4	\$ 19	\$ 417	
	398	274	278	4	19	417	
Expenses							
Environmental Strategy & Compliance	921	583	586	(3)	14	907	
Land & Properties	388	246	272	(26)	(48)	436	
Environmental Strategy Administration	1,213	805	555	250	102	1,111	1
	2,522	1,634	1,413	221	68	2,454	
Net Surplus (Deficit) before Internal Cost Allocations	(2,124)	(1,360)	(1,135)	225	87	(2,037)	
Internal Revenue	1,449	1,449	1,449	-	-	1,449	
Internal Expenses	367	364	371	(7)	(11)	378	
	1,082	1,085	1,078	(7)	(11)	1,071	
Net Surplus (Deficit) before Cash Adjustments	(1,042)	(275)	(57)	218	76	(966)	
Interest Expense	-	-	(18)	(18)	(18)	(18)	
Transfer to One-time Expenses and Initiatives	(325)	-	-	-	-	(325)	
Transfer (to)/from Reserve	100	-	-	-	-	100	
Net Cash Surplus (Requirements)	\$ (1,267)	\$ (275)	\$ (75)	\$ 200	\$ 58	\$ (1,209)	
Net Surplus (Deficit)	\$ (1,267)	\$ (275)	\$ (75)	\$ 200	\$ 58	\$ (1,209)	

OPERATING NOTES

- Environmental Strategy Administration expenses are \$250K favourable due to lower than budgeted Hat Smart expenses as a result of a majority of 2025 projects not being completed until the end of the summer construction season (\$180K) and lower than budgeted contaminated sites spending due to invoicing not yet being completed for 2025 activity (\$46K). This favourable variance is projected to decrease to \$102K favourable at yearend due to lower than budgeted Hat Smart expenses (\$54K), unutilized consulting fee, business travel, software budgets (\$55K), and lower than budgeted wages from position vacancies earlier in the year (\$20K), offset by a late 2024 contaminated sites invoice which was posted in 2025 (-\$37K).

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.
- Completed Request for Proposal for the City's Water Management and Adaptation Strategy.
- Completed implementation workshop for select department representatives for the Net Zero Communities Accelerator Program, identifying Key Performance Indicators (KPIs).

ENVIRONMENT, LAND AND GAS PRODUCTION – TAX SUPPORTED

For the Period Ended August 31, 2025

Planned Next Four Months

- Negotiation and award for successful proponent for City's Water Management and Adaptation Strategy including review of potential additional grant funding.
- Final presentation to City departments for Environmental Framework Implementation Plan and reporting obligations.
- Go live with a new portal for community and stakeholder environmental project/initiative proposal submissions for review and collaboration with the City departments.
- 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.

Report on Business Plan Goals

Environmental Leadership	PROGRESS
<p>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.</p> <p>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.</p> <p>Fostering stakeholder engagement and providing environmental strategies and actions into area redevelopment plans and City policies will increase community vibrancy.</p>	<ol style="list-style-type: none">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.2. The Implementation Plan of the Environmental Framework has been completed and includes templates for reporting on department-specific action items.3. The City's Home Energy finance programs including Hat Smart and the CEIP have been centralized in Environmental Strategy & Compliance. Continued review of the Hat Smart program is underway for innovative and efficient future changes.4. Environmental Strategy & Compliance continues to oversee the Remediation and Reclamation program for submission of Reclamation Certificate Applications.

ENERGY MARKETING & BUSINESS ANALYSIS

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		Projected to Dec 31/25 at Aug 31/25	Actual to Dec 31/25 at Aug 31/25	NOTE
					To Dec 31/25 at Aug 31/25	Aug 31/25			
Expenses									
Energy Marketing & Business Analysis	\$ 2,202	\$ 1,418	\$ 912	\$ 506	\$ 648	\$ 1,554	\$ 1,554	\$ 1,554	1
Net Surplus (Deficit) before Internal Cost Allocations	(2,202)	(1,418)	(912)	506	648	(1,554)			
Internal Revenue	2,200	1,466	915	(551)	(646)	1,554			2
Internal Expenses	272	267	265	2	-	272			
	1,928	1,199	650	(549)	(646)	1,282			
Net Cash Surplus (Requirements)	\$ (274)	\$ (219)	\$ (262)	\$ (43)	\$ 2	\$ (272)			

OPERATING NOTES

1. Energy Marketing & Business Analysis expenses are \$506K favourable due to lower than budgeted contracted services related to unutilized consulting fees to date (\$263K) and less than budgeted salaries due to positional vacancies (\$185K). This variance will grow to \$648K favourable due to continued positional vacancies.
2. Internal Revenue is -\$551K currently unfavourable and is projected to be -\$646K unfavourable at yearend due to lower recoveries on reduced expenses.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Saamis solar project management and analysis.
- Gas Production asset evaluation.
- Attended Restructured Energy Market (REM) finalizations sessions.
- Completed analysis for Municipal Controlled Corporation (MCC) and Rate Review Committee (RRC) with a decision being reached by Council.

Planned Next Four Months

- Continued work on the Saamis solar project.
- Participation in the REM rule making stakeholder engagements.
- Continued work on Rate Class review as per recent Council motion.
- 2026 Budget update for the Energy Division.

ENERGY MARKETING & BUSINESS ANALYSIS

For the Period Ended August 31, 2025

Report on Business Plan Goals

Energy Transition 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.	PROGRESS <ol style="list-style-type: none">1. Continue to work to a final investment decision for Saamis Solar.2. Ongoing work with business attraction that require large utility services.
Support Strategic Decision Making 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.	PROGRESS <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.
Asset Optimization 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.	PROGRESS <ol style="list-style-type: none">1. Continue working with the Alberta Electric Systems Operators (AESO) on transmission constraint rebalancing dispatches.2. Carbon credit optimization for compliance obligations.

ENVIRONMENTAL UTILITIES – WATER

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Projected Favourable / (Unfavourable)		Projected to Dec 31/25 at Aug 31/25	Projected to Dec 31/25 at Aug 31/25	NOTE
				Variance	Variance			
Revenue								
Property Taxes	\$ 114	\$ 114	\$ 113	(1)	\$ (1)	\$ 113		
Administration	27,772	18,388	18,242	(145)	6	(145)	27,627	1
Operations	149	99	105			-	149	
Total	28,035	18,601	18,459	(141)	(146)	(146)	27,889	
Expenses								
Administration	2,752	1,721	1,350	372	272	2,480	2	
Operations	6,493	4,276	4,156	120	-	6,493	6,493	3
Engineering	809	518	472	45	-	809		
Maintenance	1,049	679	591	88	(600)	1,649	1,649	4
Total	11,102	7,194	6,570	624	(328)	11,430		
Earnings Before Internal Cost Allocations	\$ 16,933	\$ 11,407	\$ 11,890	\$ 484	\$ (474)	\$ 16,459		
Internal Revenue	2,689	1,083	914	(169)	(419)	2,270	2,270	5
Internal Expenses	6,792	5,361	5,056	306	306	6,486	6,486	6
	(4,104)	(4,278)	(4,142)	136	(113)	(4,217)		
Earnings Before Interest, Taxes and Amortization	\$ 12,829	\$ 7,128	\$ 7,748	\$ 620	\$ (587)	\$ 12,242		
Interest Expense	(3,091)	(3,091)	(2,835)	256	256	(2,835)	(2,835)	7
Interest Revenue	-	-	21	21	21	21	21	
Amortization	(5,777)	-	-	-	-	(5,777)		
Accretion of Asset Retirement Obligations	(3)	-	-	-	-	(3)		
Net Earnings / (Loss)	\$ 3,958	\$ 4,037	\$ 4,933	\$ 896	\$ (310)	\$ 3,648		
Free Cash Flow (transfer (to)/from reserve)	1,037	-	-	-	1,217	2,254	2,254	8
Transfer to One-time Expenses and Initiatives	(705)	-	-	-	-	(705)		
Transfer to Capital	(3,215)	-	-	-	-	(3,215)		
Net Earnings / (Loss) after Transfers	\$ 1,075	\$ 4,037	\$ 4,933	\$ 896	\$ 907	\$ 1,981		

OPERATING NOTES

- Administration revenue is -\$145K unfavourable mainly due to lower residential consumption as a result of cooler temperatures and increased rainfall. This variance is expected to remain consistent to yearend as temperatures and rainfall return to average.
- Administration expenses are \$372K favourable mainly due to staff vacancies (\$260K) and delayed spending in contracted services (\$94K). This variance will decrease to \$272K favourable at yearend due to expected contracted services spending for the remainder of the year.
- Operations expenses are \$120K favourable due to less operating costs than expected related to a eight month delay in commissioning of the residuals handling facility (\$441K), cost savings related to chemicals by using a different vendor (\$90K), offset by an unfavourable wage variance due to more staff coding to water than sewer as a result of unexpected issues in the distribution system (-\$411K). This variance is expected to decrease to nil at yearend due to out-of-scope costs required for the residuals handling facility that were not budgeted (\$120K).
- Maintenance expenses are projected to be -\$600K unfavourable at yearend mainly due to a clarifier currently out of service. Different options are being considered to reduce this unbudgeted cost as much as possible. Other areas of spending will also be limited where possible to help offset this unfavourable variance.
- Internal Revenue is -\$169K unfavourable due to less of a recovery received from sewer and solid waste related to lower overhead costs than budgeted. This variance is expected to increase to -\$419K unfavourable at yearend due to anticipated lower than budgeted water consumption from Parks and Recreation (-\$250K).
- Internal Expenses are \$306K favourable mainly due to lower-than-expected utilities due to less usage (\$172K) as well as less than anticipated equipment charges (\$134K). This variance is expected to carry through to yearend.
- Interest expense is \$256K favourable due to timing of prior years capital expenses and related borrowings. This variance will continue to yearend.
- Free Cash Flow (transfer (to)/from reserve) is projected to be \$1.2M favourable at yearend as a result of additional cash flow required to sustain operations.

ENVIRONMENTAL UTILITIES – SEWER

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Variance to Dec 31/25 at Aug 31/25	Projected to Dec 31/25 at Aug 31/25	Actual	Projected Favourable / (Unfavourable)
Revenue								
Property Taxes	\$ 114	\$ 114	\$ 113	(1) \$ 67	- \$ 67	\$ 114		
Administration	25,079	16,653	16,720	74	53	67	25,146	
Operations	31	21				-	31	
Total	25,224	16,788	16,906	119	67	67	25,291	
Expenses								
Administration	1,039	605	402	203	203	836		1
Operations	4,796	3,178	2,805	373	330	4,466		2
Engineering	765	487	519	(33)	-	765		
Maintenance	1,187	777	680	97	-	1,187		
Total	7,787	5,046	4,407	640	533	7,254		
Earnings Before Internal Cost Allocations	\$ 17,437	\$ 11,742	\$ 12,500	\$ 758	\$ 600	\$ 18,036		
Internal Revenue	-	-	4	4	-	-		
Internal Expenses	5,414	4,230	4,157	74	74	5,340		
	(5,414)	(4,230)	(4,153)	78	74	(5,340)		
Earnings Before Interest, Taxes and Amortization	\$ 12,022	\$ 7,511	\$ 8,347	\$ 836	\$ 674	\$ 12,696		
Interest Expense	(3,381)	(3,381)	(3,001)	379	379	(3,002)		3
Amortization	(4,766)	-	-	-	-	(4,766)		
Accretion of Asset Retirement Obligations	(1)	-	-	-	-	(1)		
Net Earnings / (Loss)	\$ 3,874	\$ 4,131	\$ 5,346	\$ 1,216	\$ 1,053	\$ 4,927		
Free Cash Flow (transfer (to)/from reserve)	1,402	-	-	-	(1,170)	232		4
Transfer to Capital	(4,482)	-	-	-	-	(4,482)		
Transfer from Reserves (revenue)	-	-	1	1	1	1		
Net Earnings / (Loss) after Transfers	\$ 794	\$ 4,131	\$ 5,348	\$ 1,217	\$ (116)	\$ 678		

OPERATING NOTES

1. Administration expenses are \$203K favourable as more staff time has been coded to water than budgeted attributable to unexpected issues in the distribution system (\$164K). This variance is expected to continue to yearend.
2. Operations expenses are \$373K favourable mainly due to more staff time coded to water than budgeted caused by unexpected issues in the distribution system (\$250K), reduced material costs as a result of cancelled contracts (\$43K), and staff vacancies (\$61K). This variance is expected to decrease slightly to yearend.
3. Interest expense is \$379K favourable due to timing of prior years capital expenses and related borrowings. This variance will continue to yearend.
4. Free Cash Flow (transfer (to)/from reserve) is projected to be -\$1.2M unfavourable at yearend as a result of less cash flow required to sustain operations.

ENVIRONMENTAL UTILITIES – SOLID WASTE

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected to Dec 31/25 at Aug 31/25	Actual Aug 31/25	Projected (Favourable / (Unfavourable)) Variance	NOTE
Revenue									
Residential Tipping Fee	\$ 417	\$ 273	\$ 285	\$ 12	\$ -	\$ 417			
Administration	650	-	-	-	(650)	-			1
Operations	8,754	5,999	6,809	810	810	9,564			2
Total	9,822	6,272	7,094	822	160	9,982			
Expenses									
Administration	686	447	375	72	-	686			
Operations	3,948	2,713	2,939	(226)	(174)	4,122			3
Total	4,634	3,160	3,314	(154)	(174)	4,808			
Earnings Before Internal Cost Allocations									
	\$ 5,188	\$ 3,112	\$ 3,780	\$ 668	\$ (14)	\$ 5,174			
Internal Revenue	2,864	1,868	1,955	87	87	2,951			
Internal Expenses	5,755	4,217	3,857	360	360	5,395			4
	(2,891)	(2,349)	(1,902)	447	447	(2,444)			
Earnings Before Interest, Taxes and Amortization									
	\$ 2,297	\$ 763	\$ 1,878	\$ 1,115	\$ 433	\$ 2,730			
Interest Expense	(35)	(35)	(35)	-	-	(35)			
Amortization	(1,022)	-	-	-	-	(1,022)			
Accretion of Asset Retirement Obligations	(331)	-	-	-	-	(331)			
Net Earnings / (Loss)	\$ 909	\$ 728	\$ 1,843	\$ 1,115	\$ 433	\$ 1,342			
Free Cash Flow (transfer (to)/from reserve)	(1,934)	-	-	-	(433)	(2,367)			
Transfer to Capital	(130)	-	-	-	-	(130)			
Net Earnings / (Loss) after Transfers	\$ (1,155)	\$ 728	\$ 1,843	\$ 1,115	\$ -	\$ (1,155)			

OPERATING NOTES

1. Administration revenue is forecast to be -\$650K unfavourable by yearend. The City received notice on September 10, 2025 that the request for an extension for emission offset credits 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 related to a new food waste composting program and new upgraded facility.
2. Operations revenue is \$810K favourable due to proceeds from the sale of recycling carts (\$576K), higher than budgeted revenue due to increased sump waste volumes from highway construction projects (\$197K) and increased recycling revenue related to the implementation of the new extended producer responsibility program (\$125K), partially offset by unfavourable variances related lower commercial tipping fee revenue (-\$86K). These variances are expected to carry through to yearend.
3. Operations expenses are -\$226K unfavourable due to additional sump pit cleanouts and wood grinding required earlier in the year than budgeted as a result of increased material received from the highway construction project (-\$83K), as well as higher than budgeted benefits (-\$77K) and unmet vacancy adjustment (-\$66K). These variances are expected to carry through to yearend.
4. Internal expenses are \$360K favourable caused by lower than budgeted fleet expenses due to new equipment not yet received. This variance is expected to carry through to yearend.
5. Free Cash Flow (transfer (to)/from reserve) is projected to be -\$433K unfavourable at yearend as a result of less cash flow required to sustain operations.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Water Treatment Plant (WTP) fan coil unit motor replaced.
- WTP Residuals Plant construction and commissioning nearing completion with process optimization underway.
- Commissioned and returned Southwest Agro lift station to service.
- Southridge reservoir upgrade underway – internal mechanical.
- Completed NW booster station transmission line repair.
- Continue security upgrade at Environmental Utilities (EU) satellite locations.
- Applied for and awaiting decision on the new water well at the landfill licenced with Alberta Environment and Parks (AEP).
- Completed street teams (contamination audits) on yard waste carts set out for collection.
- Currently awaiting response from regulator on 2023/2024 carbon credit workplan.
- Due to increased hydrovac waste being received at landfill, additional contracted sump cleaning expenses were required.

Planned Next Four Months

- WTP clarifier (5 SCU) recirc drive contracted repair services to repair/replace combination drive.
- WTP Residuals Plant process optimization.
- WWTP Grit removal project beginning design phase.
- EU - SCADA network segmentation to improve network reliability and redundancy.
- New install of a pressure reducing valve (PRV) vault for Goodyear water distribution area.
- Harlow lift station upgrades.
- Continue Southridge reservoir upgrade – internal mechanical.
- Multiple PRV upgrades planned.
- Sewer transmission trunk.
- Continue security upgrade at EU satellite locations.
- Continue seeking approval from AEP with regards to the new water well at the landfill.
- Continue working with consultant and AEP to resubmit 10-year Waste Management Facility (WMF) licence approval.
- Continue working with consultant on 2023/2024 carbon credit workplan.
- Continue working with Ambipar on evaluation and cost benefit analysis regarding organic waste composting options. Will report to council on recommendations in Q4.
- Complete annual hazardous waste round up event at Medicine Hat Exhibition and Stampede grounds in September.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended August 31, 2025

Report on Business Plan Goals

Financial & Environmental Responsibility	PROGRESS
<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>	<ol style="list-style-type: none">1. 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.2. 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.3. 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 expedited 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">1. Completed tendering and award for construction of several major capital projects with several underway or completed.2. Sanitary sewer mains flushing program has commenced for 2025. Continuous maintenance and evaluation of infrastructure enables sound decision making for prioritizing capital replacement projects.3. Fire hydrant flushing program has commenced for 2025. Continuous maintenance and evaluation of infrastructure enables sound decision making for prioritizing capital replacement projects.

ENVIRONMENTAL UTILITIES – WATER, SEWER & SOLID WASTE

For the Period Ended August 31, 2025

Operational Excellence Through Continuous Improvement	PROGRESS
<p>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.</p>	<ol style="list-style-type: none">1. Completed tendering and award for construction of several major capital projects. Upon completion, this 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 August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	Projected Favourable / (Unfavourable)	NOTE
							to Dec 31/25 at Aug 31/25	
Revenue								
Operations	\$ 45	\$ 30	\$ 59	\$ 29	\$ 40	\$ 85		
	45	30	59	29	40	85		
Expenses								
Administration	682	343	329	14	(30)	712		
Engineering	1,982	1,147	1,054	93	40	1,942	1	
Operations	6,443	3,647	3,284	363	-	6,443	2	
	9,107	5,137	4,667	470	10	9,097		
Net Surplus (Deficit) before Internal Cost Allocations	(9,062)	(5,107)	(4,608)	499	50	(9,012)		
Internal Revenue	130	-	13	13	-	130		
Internal Expenses	4,775	3,783	3,541	242	80	4,695	3	
	(4,645)	(3,783)	(3,528)	255	80	(4,565)		
Net Surplus (Deficit) before Cash Adjustments	(13,707)	(8,890)	(8,136)	754	130	(13,577)		
Interest Expense	(296)	(296)	(354)	(58)	(58)	(354)	4	
Principal	(863)	(863)	(936)	(73)	(73)	(936)		4
Transfer to One-time Expenses and Initiatives	(849)	-	-	-	-	(849)		
Interest Revenue	-	-	18	18	18	18		
Net Cash Surplus (Requirements)	\$ (15,715)	\$ (10,049)	\$ (9,408)	\$ 641	\$ 17	\$ (15,698)		
Amortization	(15,654)	-	-	-	-	(15,654)		
Net Surplus (Deficit)	\$ (31,369)	\$ (10,049)	\$ (9,408)	\$ 641	\$ 17	\$ (31,352)		

OPERATING NOTES

- Engineering expenses are \$93K favourable due to staff vacancies (\$46K) and contracted consulting services not yet complete and invoiced (\$44K). It is expected that the consulting services will be fully expended by yearend.
- Operations expenses are \$363K favourable due to staff vacancies (\$135K), contracted services expected to be completed in the fourth quarter and invoiced (\$285K) and reduced material usage in the first half of the year (\$99K). This variance is offset by additional overtime required for the snow and ice control in the first quarter and other road maintenance activities (-\$85K), additional traffic signal work (-\$57K) and expenses related to repairing infrastructure damage and addressing insurance claims (-\$33K). This variance is expected to decrease to nil at yearend as the fall construction efforts and traffic signal work is expected to offset the current favourable variance.
- Internal Expenses are \$242K favourable due to lower Fleet expenses than anticipated (\$34K), reduced utility costs (\$33K) and additional equipment recovery from doing work for other departments and capital programs (\$171K). This variance is expected to decrease to \$80K favourable at yearend due to more work being completed internally which will decrease the favourable equipment recovery.
- Interest Expense is -\$58K unfavourable and Principal is -\$73K unfavourable, both due to the timing of prior years capital expenses and related borrowings. This variance will continue to yearend.

MUNICIPAL WORKS

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Completion of spring street sweeping program, 2025 overlay program, as well as initiated sidewalk maintenance and lane grading.
- Completion of the planning, inspections, training, and preparations for a potential 2025 river/creek flood event.
- Continue to support corporate priorities such as service level catalogue.
- Major 2025 capital construction progress includes completion of most mill and overlay projects, 3rd Street SE (Downtown), Division Avenue S., six lane rehabilitation sections, and the majority of the 3rd Avenue SE stormwater upgrade.
- Presented Transportation Master Plan (TMP), Transportation Safety Strategy (TSS) and Active Transportation Strategies (ATS) development to Council.
- Commenced engineering design for 2026 tangible capital assets (TCA) projects and for future years.
- Complete recruitments to fill vacancies and strengthen delivery of operations.

Planned Next Four Months

- Continue with asphalt repairs, storm system maintenance, roadway markings and traffic control maintenance, and other summer maintenance and construction programs, including bridge maintenance, crack sealing, lane grading, sidewalk resurfacing and replacement.
- Preparation for snow and ice control operations with fleet outfitting and material acquisitions.
- Completion of the remaining 2025 TCA project including mill and overlay, 3rd Avenue SE stormwater upgrade and cured in place pipe lining.
- Develop a plan for additional engagement for TMP and associated strategies and revision of TMP.
- Complete engineering design for 2026 TCA projects.
- Continue to complete recruitments to fill vacancies and strengthen delivery of operations.

Report on Business Plan Goals

Safety	PROGRESS
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.	<ol style="list-style-type: none">1. Pre-work safety moments have been incorporated throughout MW operations and continue to be a key component of everyday work. Staff continues to bring issues forward in an effort to maintain a safe work environment.2. Near miss reporting experienced a noticeable increase over 2024 with information being shared with staff at periodic staff meetings in an effort to improve safe work practices. Staff are encouraged to report all near misses.3. Joint Worksite Health and Safety Committee has grown in members as staff from all MW work groups continues to actively participate. Director continues to attend scheduled meetings.4. Quarterly departmental health and safety meetings continue to be well attended with stronger participation from all staff.5. Managing Director, Director and Managers attend quarterly site visits, alternating between capital projects and operations sites.
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.	<ol style="list-style-type: none">1. Continued expansion of Cityworks use throughout the department.2. Continues work on the various transportation and storm system infrastructure inspection programs.3. Continued working on the MW component of the corporate Community Service Standard Catalog, supporting Corporate Planning and Performance group.4. Working with Procurement to purchase a new asphalt hot box and asphalt recycler before yearend.5. Pilot operational efficiencies program with Parks & Recreation has been established.

MUNICIPAL WORKS

For the Period Ended August 31, 2025

Asset Management	PROGRESS
<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>	<ol style="list-style-type: none">1. Construction activities on downtown 3rd Street/6th Avenue SE completed and substantially completed on Division Avenue S projects. Division trail will be completed by yearend and additional landscaping along corridor by spring 2026 at the latest. Other asset management construction programs were initiated, with anticipated completion by yearend.2. Asset condition information reviewed for future project plan identification.3. Continue to interact with other departments to seek synergy opportunities for future project planning.4. Select Engineering and Operations staff registered for transportation planning and operations seminars to expand staff knowledgebase and help stay abreast of current technologies/trends that will result in cost savings.5. Continued working with Environmental Management group to address various issues related to MW, e.g. storm outfall Public Lands Act registration.
<p>Innovative Transportation Network Management</p> <p>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.</p>	<p>PROGRESS</p> <ol style="list-style-type: none">1. City's TMP, ATS, and TSS were presented to Council and deferred to Q1 2026.2. Collaborated with Communications, Engagement and Marketing to develop new ways of informing the public on MW initiatives. Work continues to counteract misinformation campaign by providing accurate information related to transportation and storm system issues.3. Staff scheduled to attend Transportation Association of Canada conference.4. Work on traffic calming pilot projects was deferred until the TMP, ATS, and TSS are adopted by Council.

AIRPORT

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual		NOTE
						to Dec 31/25 at Aug 31/25	Aug 31/25	
Revenue								
Airport	\$ 695	\$ 463	\$ 479	\$ 16	\$ -	\$ 695	\$ 695	
	<u>695</u>	<u>463</u>	<u>479</u>	<u>16</u>				
Expenses								
Airport	1,293	829	603	226	27	1,266	1,266	1
	<u>1,293</u>	<u>829</u>	<u>603</u>	<u>226</u>				
Net Surplus (Deficit) before Internal Cost Allocations	(598)	(366)	(124)	242	27	(571)		
Internal Expenses	758	674	697	(23)	(23)	781	781	
	<u>(758)</u>	<u>(674)</u>	<u>(697)</u>	<u>(23)</u>		<u>(23)</u>	<u>(781)</u>	
Net Surplus (Deficit) before Cash Adjustments	(1,356)	(1,040)	(821)	219	4	(1,352)		
Interest Expense	(84)	(84)	(84)	-	-	(84)	(84)	
Principal	(305)	(305)	(305)	-	-	(305)	(305)	
Transfer to One-time Expenses and Initiatives	(40)	-	-	-	-	(40)	(40)	
Net Cash Surplus (Requirements)	\$ (1,785)	\$ (1,429)	\$ (1,210)	\$ 219	\$ 4	\$ (1,781)		
Amortization	(1,521)	-	-	-	-	(1,521)	(1,521)	
Accretion of Asset Retirement Obligations	(1)	-	-	-	-	(1)	(1)	
Net Surplus (Deficit)	\$ (3,307)	\$ (1,429)	\$ (1,210)	\$ 219	\$ 4	\$ (3,303)		

OPERATING NOTES

1. Airport expenses are \$226K favourable due to less security required on site by reducing to one flight per day (\$62K), as well as delayed spending related to the Air Service and Commercial Attraction and Retention initiative (\$56K) and other repair and maintenance activities (\$100K). This variance is projected to decrease to \$27K favourable at yearend due to the anticipated spending related to the initiative (\$56K), planned repair and maintenance activities (\$100K), as well as an unbudgeted breakdown of the PA (Public Address) system (\$43K).

OPERATING HIGHLIGHTS

Completed Last Four Months

- Majority of spring and summer preventative maintenance program complete.
- Wildlife management program execution.
- Implementation of marketing and promotions program (ongoing).
- Land lease renewal executed.
- Air carrier business case prepared and delivered.

Planned Next Four Months

- Airport Masterplan internal and public engagement efforts.
- Air service retention and attraction activities.
- Ongoing marketing and promotions activities.
- Winter operations preparations and program execution.

AIRPORT
For the Period Ended August 31, 2025

Report on Business Plan Goals

Safety and Operations Excellence <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>	PROGRESS <ol style="list-style-type: none">1. Regulatory project work continues.2. Crack sealing and asphalt patching program scheduled for completion in October.3. Seasonal operational staff recruitments complete.4. Implemented upgrades to airport security roles and responsibilities training for internal staff and contractors.
Connectivity, Strategy, and Investment <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>	PROGRESS <ol style="list-style-type: none">1. Presented Airport Update at the Spring Southeast Alberta Chamber of Commerce and City of Medicine Hat joint business roundtable event.2. Air carrier business case prepared and delivered.3. Meetings held with existing and prospective air carriers.4. Advertisement partnership developed with local tourism organization.5. Airport Masterplan engagement planning.

PLANNING & DEVELOPMENT SERVICES

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable)		Projected Actual to Dec 31/25 at Aug 31/25	NOTE
					Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25		
Revenue								
Administration	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ -	\$ -	
Planning	1,143	761	784	23	-	-	1,143	
Engineering & Safety Codes Services	1,369	913	2,097	1,184	728	728	2,097	1
	2,512	1,674	2,883	1,209	728	728	3,240	
Expenses								
Administration	997	639	558	81	35	962	962	2
Planning	1,539	980	995	(15)	-	-	1,539	
Engineering & Safety Codes Services	2,512	1,599	1,508	91	35	2,477	2,477	3
	5,048	3,218	3,061	157	70	4,978		
Net Surplus (Deficit) before Internal Cost Allocations	(2,536)	(1,544)	(178)	1,366	798	(1,738)		
Internal Revenue	-	-	6	6	-	-	-	
Internal Expenses	1,233	1,205	1,194	11	-	-	1,233	
	(1,233)	(1,205)	(1,188)	17	-	(1,233)		
Net Cash Surplus (Requirements)	\$ (3,769)	\$ (2,749)	\$ (1,366)	\$ 1,383	\$ 798	\$ (2,971)		
Amortization	(55)	-	-	-	-	-	(55)	
Net Surplus (Deficit)	\$ (3,824)	\$ (2,749)	\$ (1,366)	\$ 1,383	\$ 798	\$ (3,026)		

OPERATING NOTES

1. Engineering & Safety Codes Services revenue is \$1.2M favourable due to the timing of three large applications received to date. This variance is projected to decrease to \$728K favourable at yearend as timing of budget and actuals is addressed.
2. Administration expenses are \$81K favourable mainly due to staff vacancies (\$60K) and delayed spending in contracted services (\$18K). This variance is projected to decrease to yearend as a result of an incorrect adjustment carried forward from 2024 related to annual software licensing fees (-\$96K), offset by continued savings from staff vacancies (\$131K).
3. Engineering & Safety Codes Services expenses are \$91K favourable due to staff vacancies (\$62K) and delayed spending in contracted services (\$34K). This variance is projected to decrease to yearend as a result of unplanned outsourcing of services related to programmed workload (-\$65K), offset by continued savings from staff vacancies (\$100K).

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continued work on the Land Use Bylaw (LUB) Update and Refresh. Addressing extensive stakeholder engagements in support of this effort from internal departments. Preparing to discuss how best to address comments with internal departments, before finalizing a draft for re-circulation.
- Continued work with an Off-Site Levy (OSL) Advisory Committee to meet City Council's direction to more fully engage with the community. Several workshops have been held with the Advisory Committee and background research is occurring to determine the status of infrastructure projects and OSls collected to date.
- Published second quarterly report on Performance for Building, Development and Trades Permits, Business Licensing. Continuing with the Process Improvement Program to improve service delivery through measurement.

Planned Next Four Months

- Continuing work on the OSL Bylaw rebuild with the Advisory Committee, along with consultant support.
- Continue work on the LUB update, including extensive internal consultation.
- Enhancing communication with builders and developers on certain aspects of Safety Codes, to improve understanding.
- Participating in Economic Development discussions to assist with promoting the City.
- Ongoing processing of applications including safety codes permits, development permits and subdivisions.
- Regular participation in resolving enforcement issues related to private properties and engineering infrastructure.

PLANNING & DEVELOPMENT SERVICES

For the Period Ended August 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. Evolving our Planning and Development Services (PDS) Process Improvement Program. Reviewing our processes to ensure user-friendly Customer Experience. Exploring a customer feedback questionnaire to garner feedback following inquiries from the Public.
<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. The Process Improvement Program continues. These are our levels of service aimed at continuously improving our service delivery. We have met and exceeded these stated Levels of Service and they are displayed on our website. <p>Levels of Service</p> <p>After reviewing service levels from other Alberta cities, the City has established a benchmark to meet the following Levels of Service for processing times 80 per cent of the time:</p> <ul style="list-style-type: none"> • Development Permits <ul style="list-style-type: none"> ○ 10 business days – Detached, semi-detached, duplex, triplex housing ○ 10 business days – Residential accessory buildings ○ 15 business days – Change of use ○ 60 business days – Commercial or industrial development ○ 60 business days – Row or multiple-unit housing • Building Permits <ul style="list-style-type: none"> ○ 15 business days (more complex projects may increase time) • Trades Permits <ul style="list-style-type: none"> ○ 2-3 business days – Trades permit inspections ○ 15 business days – Trades permits • Business Licenses <ul style="list-style-type: none"> ○ 15 business days (additional approvals may increase time) <p>These levels all meet and currently exceed the timeframes outlined by the Municipal Government Act (MGA). The MGA requires a total of 60 calendar days of staff time to determine if an application is complete, and to complete a development review.</p>
<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. Updated the first phase of the Municipal Servicing Standards Manual with the intent to finalize the remaining technical updates by Q1 2026. 2. Working on finalizing the LUB refresh to update about 30% of the overall document to improve it and deal with issues that have come up over the last several years. Transition between residential densities, regulating high impact land uses, and improving and strengthening civic literacy regarding land use issues. 3. Working on a new approach to OSUs. Established an Advisory Committee of Interest Holders and retained a consultant with expertise and experience from across Canada.

GENERAL MUNICIPAL REVENUES

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25		Projected Favourable / (Unfavourable)	NOTE
						to Dec 31/25 at Aug 31/25	Actual to Dec 31/25 at Aug 31/25		
Revenue									
Other General Municipal Revenue	\$ 9,918	\$ 6,412	\$ 6,168	\$ (244)	\$ (427)	\$ 9,491	1		
Utilities Contributions	3,000	-	-	-	-	3,000			
Property Taxes	94,065	94,065	94,198	133	133	94,198	2		
Property Tax Adjustments	(969)	(919)	(421)	498	546	(423)	3		
	106,014	99,558	99,945	387	252	106,266			
Expenses									
Other General Municipal Revenue	92	75	353	(278)	(284)	376	4		
Investment Expenses (General Fund)	5,112	2,096	2,026	70	221	4,891	5		
	5,204	2,171	2,379	(208)	(63)	5,267			
Net Surplus (Deficit) before Internal Cost Allocations	100,810	97,387	97,566	179	189	100,999			
Internal Revenue	798	798	839	41	65	863	6		
Internal Expenses	635	574	581	(7)	(7)	642			
	163	224	258	34	58	221			
Net Surplus (Deficit) before Cash Adjustments	100,973	97,611	97,824	213	247	101,220			
Transfer to One-time Expenses and Initiatives	(100)	-	-	-	-	(100)			
Interest Revenue	30,094	12,338	9,831	(2,507)	1,775	31,869	7		
Gain/Loss on Risk Management Instrument	-	-	3,763	3,763	3,763	3,763	8		
Transfer (to)/from Reserve	10,797	(798)	(791)	7	7	10,804			
Reserve - Medicine Hat Endowment Fund	(1,709)	-	-	-	(1,382)	(3,091)	7		
Reserve - Energy Transition	(2,516)	-	-	-	(456)	(2,972)	7		
Reserve - Abandonment Obligations	(2,516)	-	-	-	(456)	(2,972)	7		
Net Cash Surplus (Requirements)	\$ 135,023	\$ 109,151	\$ 110,627	\$ 1,476	\$ 3,498	\$ 138,521			

OPERATING NOTES

1. Other General Municipal Revenue is -\$244K unfavourable due to lower than budgeted court fine revenue as a result of new Provincial legislation to limit the use of automated traffic enforcement (-\$486K) and lower than budgeted penalties on taxes (-\$128K). This is offset by higher than budgeted Municipal Consent and Access Fees (\$37K), accounts receivable penalties (\$26K), interest on arrears taxes (\$238K), unbudgeted vending machine revenue (\$32K), and higher than budgeted exhibit recovery (\$20K). This unfavourable variance is projected to increase to -\$427K at yearend due to the continued reduction in court fine revenue from new legislation.
2. Property tax revenue is \$133K favourable due to higher than budgeted linear taxes. This variance is projected to carry forward to yearend.
3. Property Tax Adjustments are \$498K favourable due to a lower than budgeted Grants in Lieu of Property Tax (GIPOT) write off as a result of Government of Alberta budget announcement to decrease the write off percentage from 50% to 25%. This favourable variance is projected to increase to \$546K at yearend due to less than anticipated property tax cancellations.
4. Other General Municipal expenses are -\$278K unfavourable due to unbudgeted realized losses on foreign currency transactions (-\$307K) offset by unspent contracted services (\$43K). This variance will continue to yearend.
5. Investment Expenses (General Fund) are \$70K favourable and are projected to be \$221K favourable at yearend due to termination of external manager contract.
6. Internal revenue is projected to be \$65K favourable at yearend due to higher than budgeted internal Municipal Consent & Access Fees.
7. Interest Revenue is -\$2.5M unfavourable due to the timing of investment returns. This unfavourable variance is projected to become \$1.8M favourable at yearend due to a higher than expected return on investment in public equities. The transfers to the Medicine Hat Endowment Fund, Energy Transition Reserve, and Abandonment Reserve are projected to be higher than budgeted as interest earned is transferred directly to these reserves.
8. Gain/Loss on Risk Management Instruments is \$3.8M favourable due to unbudgeted realized gains due to selling some equity positions in the year. The realized gains on the sale of equity positions is projected to continue yearend.

MAYOR & COUNCILORS
For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected	
					Variance to Dec 31/25 at Aug 31/25	Actual to Dec 31/25 at Aug 31/25
Expenses						
Legislative Support for Council Councilors	\$ 299	\$ 191	\$ 198	\$(7) \$	-	\$ 299
	547	350	351	(1)	-	547
	846	541	549	(8)	-	846
Net Surplus (Deficit) before Internal Cost Allocations	(846)	(541)	(549)	(8)	-	(846)
Internal Expenses	164	163	163	-	-	164
	(164)	(163)	(163)	-	-	(164)
Net Surplus (Deficit) before Cash Adjustments	(1,010)	(704)	(712)	(8)	-	(1,010)
Net Cash Surplus (Requirements)	\$ (1,010)	\$ (704)	\$ (712)	\$ (8)	-	\$ (1,010)
Transfer to One-time Expenses and Initiatives	(100)	-	-	-	-	(100)
Net Surplus (Deficit)	\$ (1,110)	\$ (704)	\$ (712)	\$ (8)	-	\$ (1,110)

OPERATING NOTES

N/A

CITY MANAGER & MANAGING DIRECTORS

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		Projected Actual	
					to Dec 31/25 at Aug 31/25	to Dec 31/25 at Aug 31/25	NOTE	
Expenses								
City Manager Administration	\$ 714	\$ 459	\$ 415	\$ 44	\$ 70	\$ 644	1	
Corporate Services Administration	424	270	429	(159)	(247)	671	2	
Development & Infrastructure Administration	429	274	263	11	-	429		
Public Services Administration	437	279	287	(8)	-	437		
Energy, Land & Environment Administration	511	327	285	42	-	511		
	2,515	1,609	1,679	(70)	(177)	2,692		
Net Surplus (Deficit) before Internal Cost Allocations	(2,515)	(1,609)	(1,679)	(70)	(177)	(2,692)		
Internal Revenue	2,516	2,516	2,516	-	-	2,516		
Internal Expenses	410	403	404	(1)	(1)	411		
	2,106	2,113	2,112	(1)	(1)	2,105		
Net Surplus (Deficit) before Cash Adjustments	(409)	504	433	(71)	(178)	(587)		
Net Cash Surplus (Requirements)	\$ (409)	\$ 504	\$ 433	\$ (71)	\$ (178)	\$ (587)		
Net Surplus (Deficit)	\$ (409)	\$ 504	\$ 433	\$ (71)	\$ (178)	\$ (587)		

OPERATING NOTES

1. City Manager Administration expenses are projected to be \$70K favourable at yearend due to lower than budgeted spending on the Integrity Commissioner.
2. Corporate Services Administration expenses are -\$159K unfavourable and are expected to increase to -\$247K unfavourable at yearend due to unbudgeted employee benefits.

CITY SOLICITOR
For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable)		Projected Actual to Dec 31/25 at Aug 31/25
					Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	
Expenses							
City Solicitor Office	\$ 1,090	\$ 697	\$ 666	\$ 31	\$ 37	\$ 1,053	
	<u>\$ 1,090</u>	<u>\$ 697</u>	<u>\$ 666</u>	<u>\$ 31</u>	<u>\$ 37</u>	<u>\$ 1,053</u>	
Net Surplus (Deficit) before Internal Cost Allocations	(1,090)	(697)	(666)	31	37	(1,053)	
Internal Revenue	1,090	1,090	1,090	-	-	1,090	
Internal Expenses	272	268	268	-	-	272	
	<u>818</u>	<u>822</u>	<u>822</u>	<u>-</u>	<u>-</u>	<u>818</u>	
Net Surplus (Deficit) before Cash Adjustments	(272)	125	156	31	37	(235)	
Net Cash Surplus (Requirements)	\$ (272)	\$ 125	\$ 156	\$ 31	\$ 37	\$ (235)	
Net Surplus (Deficit)	\$ (272)	\$ 125	\$ 156	\$ 31	\$ 37	\$ (235)	

OPERATING NOTES

N/A

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 August 31, 2025

Report on Business Plan Goals

The Bylaw Review and Updating Initiative	PROGRESS
<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>Completed drafting or review of the following Bylaws:</p> <ol style="list-style-type: none">1. Amendments to the Procedure Bylaw.2. Residential Tax Incentives Bylaw.3. New Parks 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 August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance		Projected Actual to Dec 31/25 at Aug 31/25	Actual to Dec 31/25 at Aug 31/25	NOTE
					to Dec 31/25 at Aug 31/25	Aug 31/25			
Revenue									
Committees and Appeal Boards	\$ 5	\$ 3	\$ 12	\$ 9	\$ 9	\$ 1	\$ 1	\$ 14	
City Clerk	1	1	2	1			1	2	
	6	4	14	10			10	16	
Expenses									
Committees and Appeal Boards	119	91	65	26			15	104	
City Clerk	879	560	894	(334)			(406)	1,285	1
	998	651	959	(308)			(391)	1,389	
Net Surplus (Deficit) before Internal Cost Allocations	(992)	(647)	(945)	(298)			(381)	(1,373)	
Internal Revenue	796	796	796	-			-	796	
Internal Expenses	251	249	255	(6)			(4)	255	
	545	547	541	(6)			(4)	541	
Net Surplus (Deficit) before Cash Adjustments	(447)	(100)	(404)	(304)			(385)	(832)	
Interest Expense	(1)	(1)	(1)	-			-	(1)	
Principal	(24)	(24)	(24)	-			-	(24)	
Transfer to One-time Expenses and Initiatives	(450)	-	-	-			-	(450)	
Net Cash Surplus (Requirements)	\$ (922)	\$ (125)	\$ (429)	\$ (304)			\$ (385)	\$ (1,307)	
Amortization	(16)	-	-	-			-	(16)	
Net Surplus (Deficit)	\$ (938)	\$ (125)	\$ (429)	\$ (304)			\$ (385)	\$ (1,323)	

OPERATING NOTES

1. City Clerk expenses are -\$334K unfavourable due to higher than budgeted Access to Information Act (ATIA) requests (-\$233K), additional unbudgeted legal fees (-\$30K) and higher than budgeted wages due to positions being hired at a higher rate than budgeted and vacancy adjustments being higher than the savings associated with the annual position vacancies (-\$58K). This unfavourable variance is projected to increase to -\$406K unfavourable at yearend due to the expectation of additional ATIA expenses (-\$250K), unbudgeted legal and consulting fees (-\$53K), and continued higher than budgeted wages from being fully staffed (-\$97K).

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continued progress with the election. Onto final stages of recruitment, obtaining supplies for Election Day, and working on hand counting method.
- Updates to City of Medicine Hat ATIA webpage completed.
- Obtained redaction software.
- Ongoing collaboration with City departments on policy creation/management.

Planned Next Four Months

- Upgrades to AV equipment in Council chambers.
- ATIA platform for requests in procurement process.
- Agenda management software.
- Run municipal election and complete final stages post election.

CITY CLERK
For the Period Ended August 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. Ongoing – more robust ATIA webpage changes are completed. Redaction software obtained. Currently in the demo process with procurement for an overall platform for processing requests.
Records Management Create a Records Management position in the department to enable the City of Medicine Hat to meet its enterprise goals and obligations around electronic records, information management and the establishment of a robust corporate-wide management program.	PROGRESS 1. Completed.
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 by end of Q4 2025, with implementation in the new year.

PEOPLE SERVICES

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable)		Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	Projected Favourable / (Unfavourable)	NOTE					
				Variance	(Unfavourable)										
Revenue															
Emergency Management	\$ -	\$ -	\$ 20	\$ 20	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	1					
Labour & Employee Relations	\$ 136	\$ 91	\$ 159	\$ 68	\$ 97	\$ 233									
	136	91	179	88	127	263									
Expenses															
Administration	913	586	600	(14)	84	829	829	829	829	2					
Total Rewards	1,630	1,046	750	296	425	1,205	1,205	1,205	1,205	3					
Corporate Safety	1,482	847	793	54	169	1,313	1,313	1,313	1,313	4					
Emergency Management	368	235	201	34	38	330	330	330	330						
Labour & Employee Relations	1,032	664	510	154	205	827	827	827	827	5					
Organizational Development	1,937	1,247	1,075	172	(43)	1,980	1,980	1,980	1,980	6					
	7,362	4,625	3,929	696	878	6,484									
Net Surplus (Deficit) before Internal Cost Allocations	(7,226)	(4,534)	(3,750)	784	1,005	(6,221)									
Internal Revenue	6,749	6,341	6,322	(19)	-	6,749	6,749	6,749	6,749						
Internal Expenses	898	878	873	5	-	898	898	898	898						
	5,851	5,463	5,449	(14)	-	5,851									
Net Surplus (Deficit) before Cash Adjustments	(1,375)	929	1,699	770	1,005	(370)									
Transfer to One-time Expenses and Initiatives	(72)	-	-	-	-	-	-	-	-	(72)					
Transfer (to)/from Reserve	550	-	-	-	-	-	-	-	-	550					
Net Cash Surplus (Requirements)	\$ (897)	\$ 929	\$ 1,699	\$ 770	\$ 1,005	\$ 108									
Amortization	(7)	-	-	-	-	-	-	-	-	(7)					
Net Surplus (Deficit)	\$ (904)	\$ 929	\$ 1,699	\$ 770	\$ 1,005	\$ 101									

OPERATING NOTES

1. Labour & Employee Relations revenue is currently \$68K favourable and is projected to be \$97K favourable at yearend due to higher than budgeted reimbursements for union related work.
2. Administration expenses are projected to be \$84K favourable due to lower than budgeted salaries and wages resulting from position vacancies.
3. Total Rewards expenses are \$296K favourable due to lower than budgeted salaries and wages from vacant positions and unpaid leaves. This favourable variance is projected to increase to \$425K at yearend due to continued savings from vacant positions and unpaid leaves (\$466K), offset by higher than budgeted contracted services due to an unbudgeted contractor providing temporary payroll support (-\$40K).
4. Corporate Safety expenses are \$54K favourable due to lower than budgeted salaries and wages resulting from unpaid leaves. This favourable variance is projected to increase to \$169K at yearend due to continued savings from unpaid leaves (\$91K) and lower than budgeted software licencing expenses resulting from subscriptions that are no longer required (\$82K).
5. Labour & Employee Relations expenses are \$154K favourable due to lower than budgeted salaries and wages resulting from position vacancies (\$90K) and delayed spending on contracted services (\$63K). This favourable variance is projected to increase to \$205K at yearend due to continued savings from position vacancies (\$158K) and lower than budgeted general contracted services and legal fees resulting from lower than expected collective bargaining activities (\$46K).
6. Organizational Development expenses are \$172K favourable due to delayed spending on advertising and corporate training services (\$125K) and lower than budgeted salaries and wages due to position vacancies (\$53K). This favourable variance is projected to become -\$43K unfavourable at yearend due to higher than budgeted contracted services from culture commitment project (-\$129K), offset by continued savings from position vacancies (\$101K).

PEOPLE SERVICES

For the Period Ended August 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.

Planned Next Four Months

- 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).

Report on Business Plan Goals

Attract, Recruit and Retain an Exceptional Workforce We will attract and retain a workforce of people that align with our values, leadership, and expertise to support all areas of the organization.	PROGRESS 1. Hiring moratorium business case process under review.
Inclusive Culture, Behaviors and Values 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.	PROGRESS 1. Culture Code is now Culture Commitment and launching training, values and future culture work in fall. 2. Employee Value Proposition workshops planned for fall.
Securing our Future by Building the Bench 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.	PROGRESS 1. As part of workforce planning, developing system for review of roles.
Competitive and Meaningful Total Rewards/Recognition Programs 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.	PROGRESS 1. Non-union salary grids are completed, job descriptions and new process for assessment implemented.
Implement a Workforce Strategy 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.	PROGRESS 1. Organizational chart review, workforce evaluation, ongoing interviews, retirement factors, and vendor listing compiled. Data has been under and/or is currently being reviewed.

ECONOMIC DEVELOPMENT

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25		NOTE
						Projected Favourable / (Unfavourable)	Actual to Dec 31/25 at Aug 31/25	
Revenue								
Investment & Strategic Planning	\$ 65	\$ 43	\$ 30	\$(13)	\$ -	\$ -	\$ 65	
	<u>65</u>	<u>43</u>	<u>30</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>65</u>	
Expenses								
Investment & Strategic Planning	1,588	1,252	1,206	46	(16)	1,604	1,604	1
	<u>1,588</u>	<u>1,252</u>	<u>1,206</u>	<u>46</u>	<u>(16)</u>	<u>1,604</u>	<u>1,604</u>	
Net Surplus (Deficit) before Internal Cost Allocations	(1,523)	(1,209)	(1,176)	33	(16)	(1,539)		
Internal Expenses	443	437	438	(1)	-	-	443	
	<u>(443)</u>	<u>(437)</u>	<u>(438)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>(443)</u>	
Net Surplus (Deficit) before Cash Adjustments	(1,966)	(1,646)	(1,614)	32	(16)	(1,982)		
Interest Expense	(6)	(6)	(6)	-	-	-	(6)	
Principal	(20)	(20)	(20)	-	-	-	(20)	
Transfer to One-time Expenses and Initiatives	(2,924)	-	-	-	-	-	(2,924)	
Net Cash Surplus (Requirements)	\$ (4,916)	\$ (1,672)	\$ (1,640)	\$ 32	\$ (16)	\$ (4,932)		
Amortization	(5)	-	-	-	-	-	(5)	
Net Surplus (Deficit)	\$ (4,921)	\$ (1,672)	\$ (1,640)	\$ 32	\$ (16)	\$ (4,937)		

OPERATING NOTES

1. Investment & Strategic Planning expenses are currently \$46K favourable and projected to be -\$16K unfavourable at yearend. This change is due to the expectation of delayed contracted services which will be paid out over the remainder of the year (-\$48K) and higher than budgeted salaries and wages from vacancy adjustments being higher than the savings associated with the annual position vacancies (-\$15K).

OPERATING HIGHLIGHTS

Completed last four months

- Designed and implemented City Centre Vibrancy Program. Fund distribution in partnership with Community Futures Entre-Corp.
- Designed programming to increase City Centre activity that will be implemented by Tourism Medicine Hat in 2026. Programming includes 2 City Centre shopping programs, Marketing.
- Hosted the Manufacturing Forward event to support business and industry navigate effects of Tariffs. 42 were in attendance.
- Lead the Medicine Hat Workforce Group to collect and share workforce information and data. This sharing of information supports investment attraction and expansion efforts.
- Implemented 6 additional free parking stalls intended for City Centre visitors.
- Attended 9 industry events to market Medicine Hat to investors in Energy, Defence and Aerospace, Commercial Development, Agrifood and Post Secondary sectors.
- Responded to 62 inquiries, qualified 3 opportunities and continual engagement with 2 additional prospective investments.
- Approved final draft of Defence and Aerospace Investment Attraction Strategy.
- Continue to process Rural Renewal applications accepted prior to pause.
- Adoption of Residential Tax Exemption Bylaw 4851.

Planned Next Four Months

- Implementation of Defence and Aerospace Investment Attraction Strategy action items – Training for industry and service providers, establishment of industry group to support advancement of sector in Medicine Hat and Southeastern (SE) Alberta.
- Approve final draft of SE Alberta Agri-food Investment Attraction Strategy.
- Soft launch of Small Business Navigator Service Pilot.
- Continued attendance at defence and aerospace, energy and agrifood/agriculture events to grow investment opportunities.
- Continued facilitation of Southeast Alberta Regional Strategy action items.
- Work with regional partners to prepare the region for film opportunities.

ECONOMIC DEVELOPMENT

For the Period Ended August 31, 2025

Report on Business Plan Goals

Operational Efficiencies	PROGRESS
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.	<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.
Community and Stakeholder Engagement	PROGRESS
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.	<ol style="list-style-type: none">1. Put together a 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.
Workforce Development and Rural Renewal	PROGRESS
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.	<ol style="list-style-type: none">1. 126 employer consultations completed; 86 job vacancies shared; 95 candidate interviews done; 88 endorsement letters issued.2. Hosted workforce conference to inform employers about local workforce supports and strategic ways to attract and recruit talent.3. Program is currently on pause due to shifting immigration policy.
Business and Industry Development	PROGRESS
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.	<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.

ECONOMIC DEVELOPMENT

For the Period Ended August 31, 2025

Investment Attraction	PROGRESS
<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>	<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>	<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 August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	NOTE
Revenue							
Police	\$ 4,675	\$ 1,698	\$ 1,572	\$ (126)	\$ (270)	\$ 4,405	1
	4,675	1,698	1,572	(126)	(270)	4,405	
Expenses							
Police	28,181	18,320	18,132	188	444	27,737	2
	28,181	18,320	18,132	188	444	27,737	
Net Surplus (Deficit) before Internal Cost Allocations	(23,506)	(16,622)	(16,560)	62	174	(23,332)	
Internal Revenue	197	125	98	(27)	(27)	170	
Internal Expenses	3,867	3,329	3,296	33	33	3,834	
	(3,670)	(3,204)	(3,198)	6	6	(3,664)	
Net Surplus (Deficit) before Cash Adjustments	(27,176)	(19,826)	(19,758)	68	180	(26,996)	
Interest Expense	(23)	(23)	(22)	1	1	(22)	
Principal	(120)	(120)	(120)	-	-	(120)	
Transfer to One-time Expenses and Initiatives	(40)	-	-	-	-	(40)	
Net Cash Surplus (Requirements)	\$ (27,359)	\$ (19,969)	\$ (19,900)	\$ 69	\$ 181	\$ (27,178)	
Amortization	(234)	-	-	-	-	(234)	
Net Surplus (Deficit)	\$ (27,593)	\$ (19,969)	\$ (19,900)	\$ 69	\$ 181	\$ (27,412)	

OPERATING NOTES

- Police revenue is unfavourable by -\$126K due to lower than anticipated ALERT (Alberta Law Enforcement Response Teams) revenue recovery due to vacant positions (-\$98K) and lower than expected revenue from information checks (-\$81K), offset by additional revenue received for extra duties such as yard clean up, snow removal, and training recovery (\$53K). This unfavourable variance is expected to become -\$270K by yearend due to continued lower than anticipated ALERT recovery (-\$98K), lower than expected revenue from information checks (-\$96K) and lower than expected revenue for a new School Resource Officer as a result of a delay in the finalization of the contract (-\$116K). This will be offset by additional revenue received for extra duties as mentioned above (\$49K).
- Police expenses are \$188K favourable due to savings in contracted services for security and DNA services (\$157K), delayed spending on training (\$55K), delayed spending on materials (\$36K) and staff vacancies (\$267K), offset by higher than budgeted benefits (-\$327K). Expenses are projected to be \$444K favourable due to continued savings in contracted services for security and DNA services (\$84K) and projected staff vacancies (\$354K).

OPERATING HIGHLIGHTS

Completed Last Four Months

- The Medicine Hat Police Service (MHPS) hosted an Open House on June 7, 2025, from 11 AM to 3 PM, which provided community members an opportunity to learn more about the MHPS operations through information displays, demonstrations and a building tour. In coordination with the open house, the Medicine Hat Safe Community Association hosted a barbecue and presented 22 local Grade 6 students with scholarships from the Chief Gord Earl Leadership Legacy Fund.
- 7 new police recruits were selected to participate in the fall police training program to fill existing vacancies as well as 1 experienced police officer who will start on October 6, 2025.

Planned Next Four Months

- MHPS along with the Medicine Hat College (MHC) will conduct a safety survey in the winter of 2026.
- Service wide conversion from the present service pistol will take place as officers are trained on the new platform.

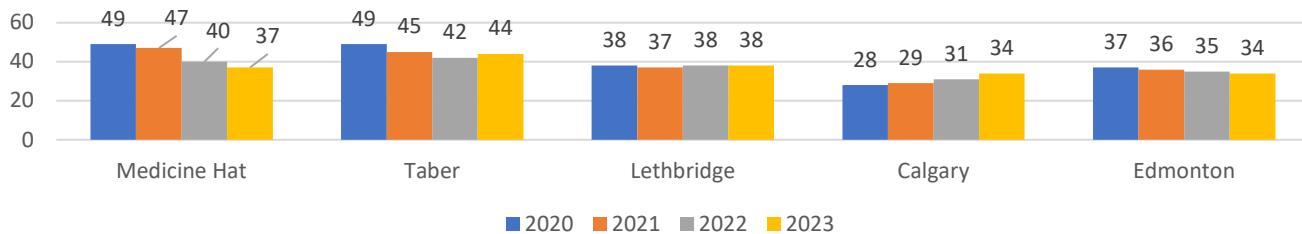
POLICE SERVICE
For the Period Ended August 31, 2025

Report on Business Plan Goals

COMMUNITY SAFETY	PROGRESS
<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>	<ol style="list-style-type: none"> 1. On June 13, members of ALERT Medicine Hat concluded an investigation that resulted in the largest fentanyl seizure in Medicine Hat. 1,010 grams of cocaine and 800 grams of fentanyl with an estimate street value of over \$250K were seized along two vehicles and cash proceeds of crime. Two men are facing charges related to this matter. 2. On June 18, two people were charged with fraud over \$5,000 and one with an additional charge of proceeds of crime after a local senior couple were targeted in a grandparent's scam.
COMMUNITY ENGAGEMENT	PROGRESS
<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>	<ol style="list-style-type: none"> 1. Members of the Medicine Hat Police Service participated in the Exhibition and Stampede parade. 2. On June 25, members of the Medicine Hat Police Service participated in the Law Enforcement Torch Run. Following the run, a barbecue was held to raise funds to support the program and Special Olympic athletes who represented Medicine Hat in the Summer Games in July.
INVESTMENT IN HUMAN RESOURCES AND TECHNOLOGY	PROGRESS
<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>	<ol style="list-style-type: none"> 1. The MHP 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. The Service has satisfied the need for permanent Police Information staff member. The addition will allow for enhanced customer service regarding Police Information Checks.
ORGANIZATIONAL WELLNESS	PROGRESS
<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>	<ol style="list-style-type: none"> 1. Members attended the firearm conversion training in anticipation of the new firearms purchased this fall. 2. Staff are being offered an opportunity to participate in a sleep hygiene program.

Report on Performance Measures

Weighted Clearance Rates



COMMUNICATIONS, ENGAGEMENT & MARKETING

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	NOTE
Revenue							
Marketing & Creative Services	\$ -	\$ -	\$ 2	\$ 2	\$ -	\$ -	
Expenses							
Marketing & Creative Services	1,458	928	852	76	100	1,358	1
	1,458	928	852	76	100	1,358	
Net Surplus (Deficit) before Internal Cost Allocations	(1,458)	(928)	(850)	78	100	(1,358)	
Internal Revenue	1,312	1,312	1,312	-	-	1,312	
Internal Expenses	355	351	350	1	-	355	
	957	961	962	1	-	957	
Net Surplus (Deficit) before Cash Adjustments	(501)	33	112	79	100	(401)	
Net Cash Surplus (Requirements)	\$ (501)	\$ 33	\$ 112	\$ 79	\$ 100	\$ (401)	
Net Surplus (Deficit)	\$ (501)	\$ 33	\$ 112	\$ 79	\$ 100	\$ (401)	

OPERATING NOTES

1. Communications, Engagement and Marketing expenses are \$76K favourable and are projected to become \$100K favourable at yearend due staff vacancies.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Completed migration of website to new Content Management System (CMS), progressed manual audit of the 420 pages of content and completed microsites for Co-Op Place, Parks and Recreation and Economic Development.
- Continued Public participation framework implementation.
- Launched Major Projects map on medicinehat.ca.
- Completed Tixx visual identity refresh and full Parks and Recreation brand package.

Planned Next Four Months

- Finalize new website for launch September 8, 2025.
- Facilities for the Future public engagement planning and implementation.
- Complete Elections Comms plan implementation.
- Improve search function on medicinehat.ca.

COMMUNICATIONS, ENGAGEMENT & MARKETING

For the Period Ended August 31, 2025

Report on Business Plan Goals

Public Participation <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>	PROGRESS <ol style="list-style-type: none">1. Public participation framework rollout is ongoing. Worked with multiple departments to launch engagement efforts related to several City projects. Examples include proposed Municipally Controlled Corporation, Saamis Tepee and dancefloor resurfacing.2. Completed Community Spirit Awards nomination process. Community Voice Are Born (CVAB) reviewed nomination packages, and their recommendations will go to Council in September for October event.
Strengthen Internal Communications <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>	PROGRESS <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 work with Information Technology (IT) to support M365 adoption, Culture Commitment project and other internal initiatives.3. Employee Town Hall coordination and promotions.4. Improvements to INsite employee intranet, including learning and development section and onboarding/offboarding/recruitment.
Reliable & Relevant Communications <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>	PROGRESS <ol style="list-style-type: none">1. Implemented Election 2025 communications strategy to share election logistics, and efforts to enhance awareness of roles of council and local government in general.2. Progressed website refresh project to migrate to new content management system and improve design and functionality of current site. New site will launch September 8, 2025.3. Focused communication efforts on several significant municipal topics including proposed Municipally Controlled Corporation (MCC) exploration, construction season projects and enhanced major projects map, energy innovation challenge, and more.
Marketing and Sponsorship <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>	PROGRESS <ol style="list-style-type: none">1. Rolled out completed Tixx visual identity refresh.2. Began rollout of new parks and recreation brand to support marketing efforts.3. Renewed the economic development marketing plan to refocus efforts to support departmental priorities, including new microsite design.4. Ongoing implementation of marketing plans for fall calendar of entertainment and events.

FINANCE

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual		NOTE
						Projected Favourable / (Unfavourable)	Actual to Dec 31/25 at Aug 31/25	
Revenue								
Assessment & Taxation	\$ 2	\$ 1	\$ 8	\$ 7	-	\$ 2		
Customer Care & Billing	610	333	529	196	78	688	1	
Supply Chain	67	-	(2)	(2)	-	67		
	679	334	535	201	78	757		
Expenses								
Divisional Finance	353	225	205	20	-	353		
Financial Control & Reporting	2,617	1,728	1,637	91	120	2,497	2	
Assessment & Taxation	1,863	1,199	1,235	(36)	-	1,863		
Customer Care & Billing	2,961	1,902	1,970	(68)	(79)	3,040	3	
Treasury & Risk	4,762	3,451	3,250	201	250	4,512	4	
Supply Chain	2,032	1,295	1,350	(55)	(84)	2,116	5	
	14,588	9,800	9,647	153	207	14,381		
Net Surplus (Deficit) before Internal Cost	(13,909)	(9,466)	(9,112)	354	285	(13,624)		
Internal Revenue	12,109	10,355	10,268	(87)	(96)	12,013	6	
Internal Expenses	2,586	2,396	2,464	(68)	(72)	2,658	7	
	9,523	7,959	7,804	(155)	(168)	9,355		
Net Surplus (Deficit) before Cash Adjustments	(4,386)	(1,507)	(1,308)	199	117	(4,269)		
Interest Expense	(20)	(20)	(16)	4	4	(16)		
Principal	(77)	(77)	(76)	1	1	(76)		
Transfer to One-time Expenses and Initiatives	(250)	-	-	-	-	(250)		
Net Cash Surplus (Requirements)	\$ (4,733)	\$ (1,604)	\$ (1,400)	\$ 204	\$ 122	\$ (4,611)		
Amortization	(75)	-	-	-	-	(75)		
Net Surplus (Deficit)	\$ (4,808)	\$ (1,604)	\$ (1,400)	\$ 204	\$ 122	\$ (4,686)		

OPERATING NOTES

- Customer Care & Billing revenue is \$196K favourable due to higher than budgeted tax certificate & search fees, disconnect/reconnect fees, Tax Installment Pre-Payment Plan (TIPP) admin fees (\$78K), and timing of mortgage admin fees (\$83K). This favourable variance is expected to decrease to \$78K at yearend due to timing of mortgage admin fees that were not expected until September.
- Financial Control & Reporting expenses are \$91K favourable due to positional vacancies (\$52K), less than budgeted external auditor invoices (\$18K) and less than budgeted training (\$13K). This variance is anticipated to continue to yearend.
- Customer Care & Billing expenses are -\$68K unfavourable due to unmet vacancy adjustment and higher than budgeted benefit costs. This variance is projected to continue to yearend.
- Treasury & Risk expenses are \$201K favourable due to salary and wage savings from staff vacancies (\$97K) and lower insurance premiums than budget (\$104K). This variance is projected to continue to yearend.
- Supply Chain expenses are -\$55K unfavourable due to higher than budgeted wage and benefits as a result of an unmet vacancy adjustment, backfilling a medical leave and higher than budgeted benefit costs. This variance is anticipated to continue to yearend.
- Internal Revenues are -\$87K unfavourable due to lower insurance recoveries as a result of decreased insurance premiums. This variance is projected to continue to yearend.
- Internal Expenses are -\$68K unfavourable due to higher mailroom charges due to increased postage fees. This variance is projected to continue to yearend.

FINANCE

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Property Tax Notices mailed to property owners on May 21st with a due date of June 30th. Web page and brochure will be updated.
- The Government Finance Officers Association (GFOA) Public Facing Budget Package was submitted for review.
- New Management report dashboards were presented to Public Services, Development & Infrastructure and Energy, Land and Environment.

Planned Next Four Months

- 2026 Budget update and budget efficiency reduction.
- Business optimization projects: Unit4 enhancements are continuing; development of new management reports; commitment accounting, etc.
- Service Level inventory costing.
- Sending supplementary assessment notices in October for new construction, complete or occupied.

FINANCE

For the Period Ended August 31, 2025

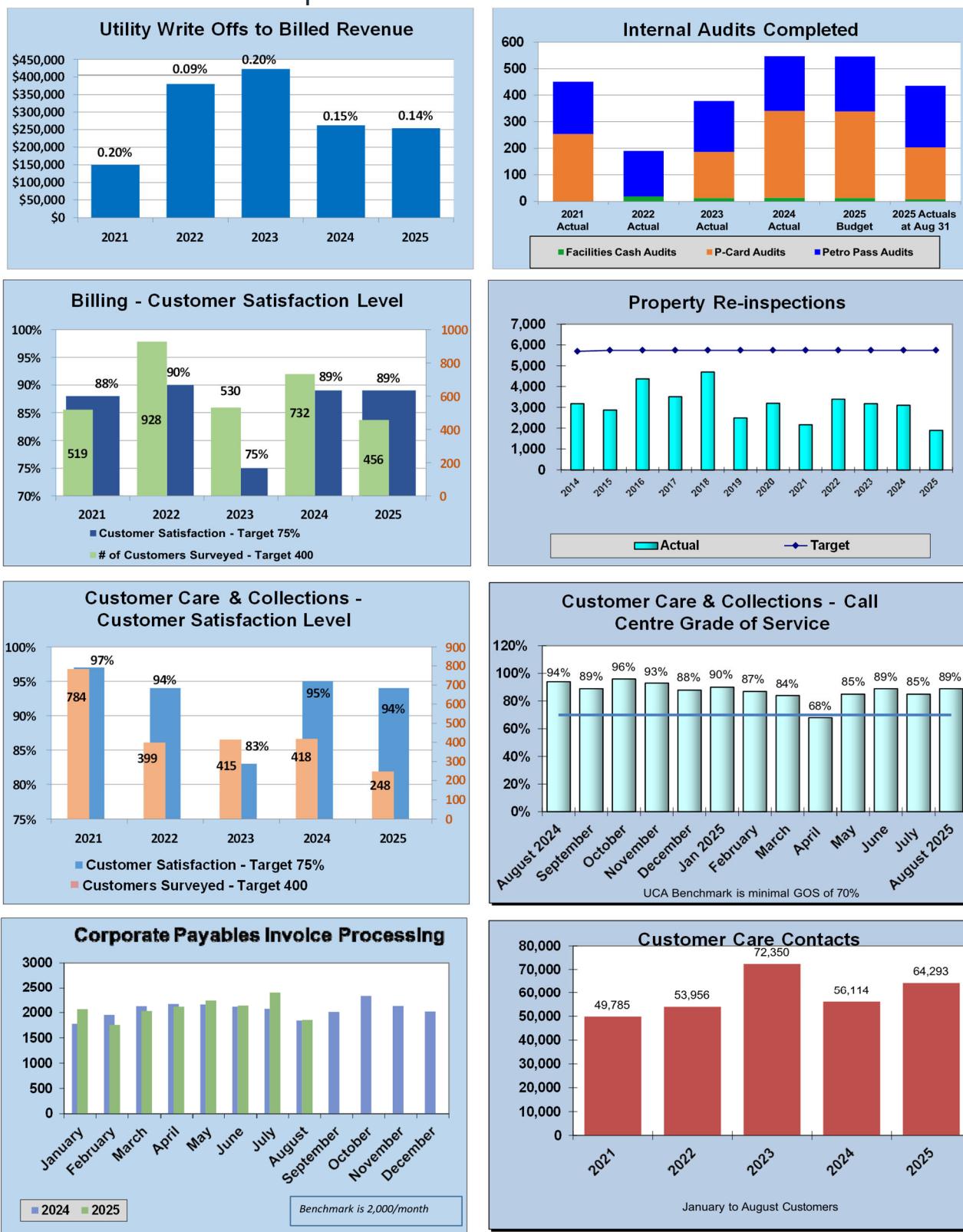
Report on Business Plan Goals

Customer Service Optimization Ensure optimal customer service experience of internal and external customers.	PROGRESS <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 on-line for residents to get tax information and eBilling.4. Work continues with Corporate Planning and Performance (CPP) to determine the costing on the service level inventory items.
Supporting and Developing our Team Talent 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.	PROGRESS <ol style="list-style-type: none">1. Finance connect session held in May.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 code session.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.
Financial Wellbeing Ensure the City has healthy finances and long-term financial stability, while maintaining organizational health, resilience, and compliance with regulatory bodies.	PROGRESS <ol style="list-style-type: none">1. Investment portfolio generated a return of 3.91% in Q2 which was 0.56% above the benchmark.2. Developed a template to include in 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. Monitoring the impact of US tariffs.5. Preparing for assessment appeals and continuing to work with Tax Agents and property owners to resolve prior to going to the appeal board (36 CARB).
Enterprise Risk Management (ERM) Enhancement 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.	PROGRESS <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 August 31, 2025

Report on Performance Measures



FLEET & FACILITIES

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance	Projected Actual		NOTE
						to Dec 31/25 at Aug 31/25	to Dec 31/25 at Aug 31/25	
Revenue								
Facilities Management	\$ 166	\$ 111	\$ 69	\$(42)	\$ -	\$ 166	\$ -	
Fleet Services	-	-	48	48	-	-	-	
	166	111	117	6	-	-	166	
Expenses								
Facilities Management	6,106	3,979	4,156	\$(177)	\$(350)	6,456	1	
Fleet Services	8,185	5,396	4,841	555	650	7,935	2	
Administration	485	312	252	60	100	385	3	
Project Management	610	389	305	84	150	460	4	
	15,386	10,076	9,554	522	550	15,236		
Net Surplus (Deficit) before Internal Cost Allocations	(15,220)	(9,965)	(9,437)	528	550	(15,070)		
Internal Revenue	27,991	20,985	19,888	(1,097)	(1,645)	26,346	5	
Internal Expenses	11,059	7,884	7,424	460	690	10,369	5	
	16,932	13,101	12,464	(637)	(955)	15,977		
Net Surplus (Deficit) before Cash Adjustments	1,712	3,136	3,027	(109)	(405)	907		
Interest Expense	(504)	(504)	(693)	(189)	(189)	(693)	6	
Principal	(1,504)	(1,504)	(1,737)	(233)	(233)	(1,737)	6	
Transfer to One-time Expenses and Initiatives	(100)	-	-	-	-	(100)		
Transfer to Reserves (expense)	(5,711)	-	-	-	95	(5,616)	7	
Net Cash Surplus (Requirements)	\$ (6,107)	\$ 1,128	\$ 597	\$ (531)	\$ (732)	\$ (7,239)		
Amortization	(14,082)	-	-	-	-	(14,082)		
Gain (Loss) on Disposal of Assets	-	-	(95)	(95)	(95)	(95)	7	
Accretion of Asset Retirement Obligations	(42)	-	-	-	-	(42)		
Net Surplus (Deficit)	\$ (20,231)	\$ 1,128	\$ 502	\$ (626)	\$ (827)	\$ (21,458)		

OPERATING NOTES

- Facilities Management expenses are -\$177K unfavourable and are projected to be -\$350K unfavourable at yearend due to higher than anticipated salary and wage costs driven by increased benefit costs and unmet vacancy adjustment.
- Fleet Services expenses are \$555K favourable due to lower fuel usage and reduced fuel prices resulting from the temporary removal of federal carbon taxes. By yearend, Fleet Services expenses are expected to be \$650K favourable, reflecting decreased average fuel usage during the summer months and delayed return of federal carbon taxes.
- Administration expenses are \$60K favourable due to lower utilization of contracted services. This favourable variance is expected to continue through to yearend.
- Project Management expenses are \$84K favourable and are projected to be \$150K favourable at yearend due to vacant staff positions.
- The net variance of -\$637K unfavourable (unfavourable internal revenues and favourable internal expenses) is due to lower than anticipated lease revenues tied to deferred capital asset replacements (based on condition assessments and scope reviews), as well as reduced fuel recoveries and expenses from the temporary removal of carbon tax. The forecast to yearend is expected to be -\$955K unfavourable is due to ongoing capital asset deferrals and lower fuel costs.
- Interest expense and principal are -\$189K and -\$233K unfavourable, respectively, due to the timing of prior years' capital expenses and related borrowings. This variance is expected to continue through to yearend.
- Gain (Loss) on Disposal of Assets are -\$95K unfavourable due to an unbudgeted loss on the sale of fleet assets. This is offset by a \$95K favourable variance in Transfers to Reserves, as these losses are funded through reserves. Both variances are expected to continue through to yearend.

FLEET & FACILITIES

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Successful hiring of a Facilities Maintenance Operator. This position was vacant due to a retirement.
- Continuing with current budgeted Mobile Asset replacement program.
- New Fleet contracts for welding have been implemented and is working well.
- Finalizing purchase of 6 new transit buses, which was the bulk of our 2025 mobile capital budget. Delivery will be in August of 2026.
- Summer inspection programs for lifts, cranes, jacks etc. has now been completed.
- Work is being done on the Fleet Services Critical Assets listing. Software updates were done in CityWorks to track them and have finished the first run through of the critical assets list. This can now be easily updated as needed.
- New Fleet contract for towing now with AutoSpa Towing. Working with departments and AutoSpa through the learning curve process as AutoSpa settles into their new services.
- 2025 Police units are on order (fewer than previous years because of bus replacement requirements), two 2025 police units have arrived and upfitting process is beginning in September 2025.
- Ongoing specifications development and procurement in progress for scheduled capital fleet replacements.
- Continue 2025 Facilities Management (FM) capital projects program.
- Completed Light-emitting diode (LED) energy efficient upgrades projects with Municipal Climate Change Action Centre (MCCAC) grant funding.
- Participating in Unit 4 pilot project for commitment accounting and updated management reporting. Capital project reporting being integrated into the new management reporting package.
- Year 1 Asset Management Program Review commenced and assisted as requested with departmental action items.
- 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.

Planned Next Four Months

- Continuation of Fleets unit replacement program (specifications and procurement).
- Three shops are working through final summer repair and maintenance programs and have begun preparations and work for fall and winter seasonal work on fleet units. This work helps to maintain the fleet departments high level of service that we supply to operating departments that use our 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.
- Working on 2027 / 2028 Fleet Mobile Capital Budgets.
- Beginning to look at the 2026 Capital program and which units will be specified first.
- Continue support of Gas Distribution Department to backfill and cover for Gas Distribution Manager. Fleet Services secondment until October 15, 2025. May delay capital replacement program with coverage of Manager, Fleet Services and Fleet Superintendent.
- 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), accessibility projects at various facilities.
- Year 1 Asset Management (AM) Program Review with remaining partnering departments (review will continue into final third of 2025). Program Review results reported to AM Governance Committee by end of 2025.
- Continue to roll out Operational, Asset, Single Point of Failure (SPOF) Risk Management Matrix for AM program.
- Critical Asset Checklist rollout.
- Active member of Budget Committee for 2027-2028 Budgets.
- Continued collaboration with Budget Office, Corporate Strategy & Analysis, plus twelve CMH departments with physical/tangible assets.
- Completion of bi-annual Canada Core Public Infrastructure regulatory requirement reporting (StatsCan).
- Program review meetings with key stakeholders to be scheduled May 2025. Currently working with IT to create departmental SharePoint folders.
- Continue to integrate and go live with project reporting in Management and Tri-Annual reporting.

FLEET & FACILITIES

For the Period Ended August 31, 2025

Report on Business Plan Goals

Inter-Departmental Partnerships	PROGRESS
Maintain inter-departmental 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.	<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.c. Recruitment and integration of Fleet Capital Coordinator to support capital replacement 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.4. Maintain Project Management Principles:<ol style="list-style-type: none">a. The Project Management manual has been published.b. 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 August 31, 2025

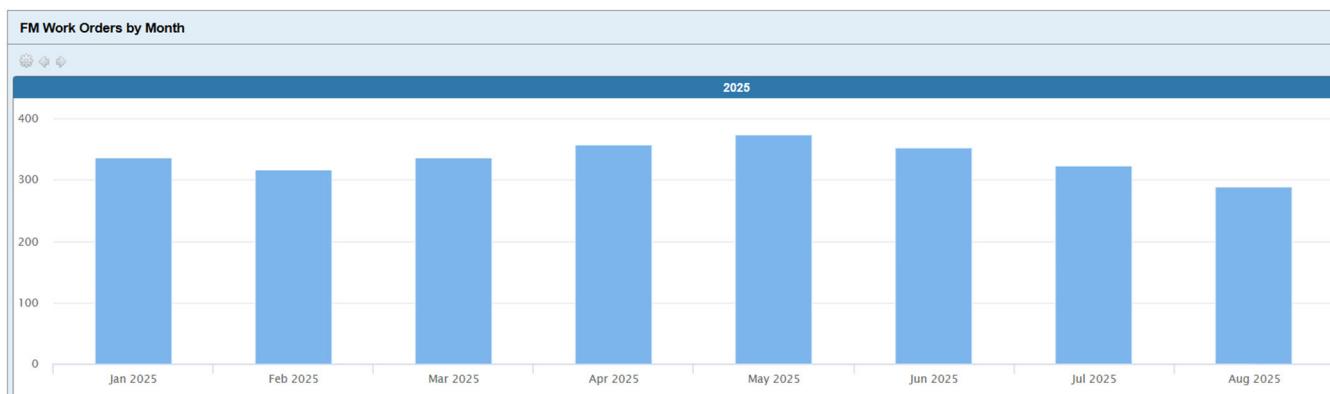
Asset Management Program	PROGRESS
Track and report asset management program progress and results, as per Corporate Asset Management Policy Number 0181.	<ol style="list-style-type: none">1. Presented 2024 Program review through ELT, Admin Committee, Corporate Services Committee and Council via Consent Agenda.2. Completing 2025 Annual Review Programs with participating departments.3. Hosted, facilitated, and/or attended fourteen workshops/webinars/lunch & learn type AM related events.4. Collaboration with Budget Office, Corporate Strategy & Analysis, 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 2024 program review.6. Development of Operational/Asset/SPOF Risk Analysis Matrix.7. CMH Asset Management SharePoint site live.8. Commencing regulatory required Corporate Core Public Infrastructure (CCPI) Survey (2024) with impacted departments.
Project Management Track and report capital projects.	PROGRESS <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

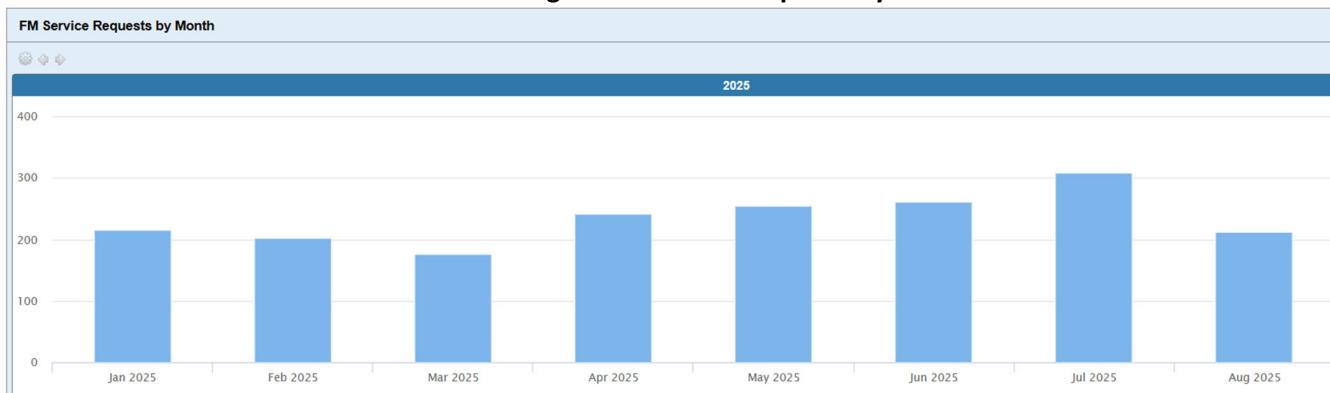
For the Period Ended August 31, 2025

Report on Performance Measures

Facilities Management Work Orders by Month



Facilities Management Service Requests by Month



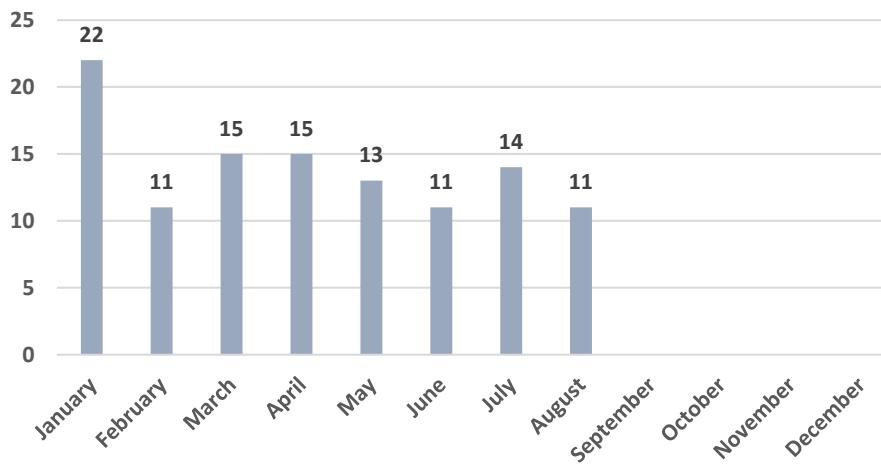
Fleet Services



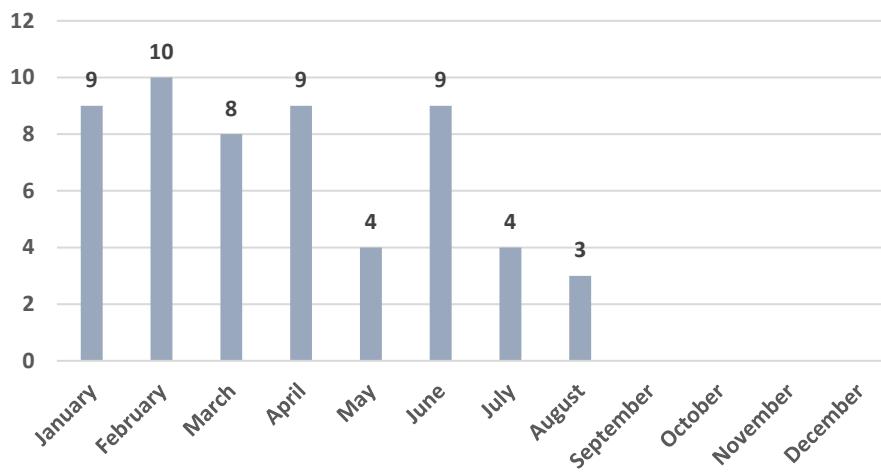
FLEET & FACILITIES

For the Period Ended August 31, 2025

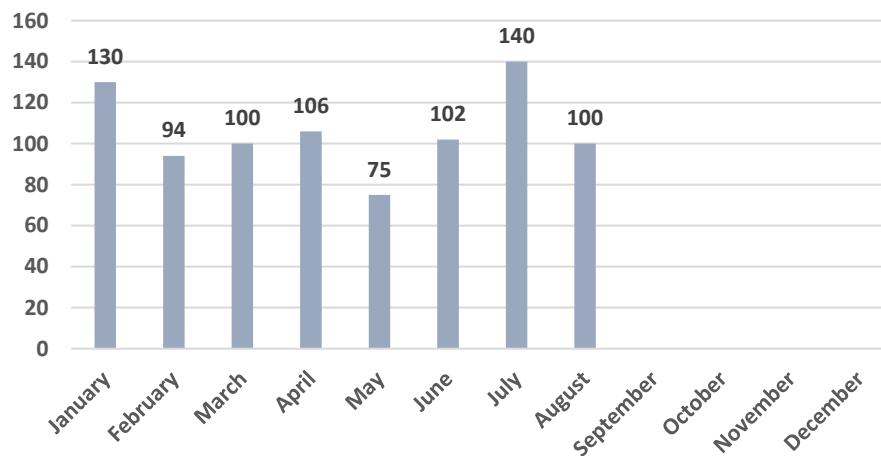
Fleet Services - Commercial Vehicle Inspections



Fleet Services - Accident Repairs



Fleet Services - Inspections (Does not include CVIP)



INFORMATION TECHNOLOGY

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	NOTE
Revenue							
Administration	\$ -	\$ -	\$ 4	\$ 4	\$ -	\$ -	
Expenses							
Administration	1,206	797	917	(120)	(77)	1,283	1
Application Services	2,307	1,468	1,577	(109)	(179)	2,486	2
Technical Services	5,063	3,311	3,256	55	(155)	5,218	3
Technology Software / GIS	2,855	1,783	1,664	119	109	2,746	4
	11,431	7,359	7,414	(55)	(302)	11,733	
Net Surplus (Deficit) before Internal Cost Allocations	(11,431)	(7,359)	(7,410)	(51)	(302)	(11,733)	
Internal Revenue	11,323	11,206	11,233	27	-	11,323	
Internal Expenses	764	740	743	(3)	-	764	
	10,559	10,466	10,490	24	-	10,559	
Net Surplus (Deficit) before Cash Adjustments	(872)	3,107	3,080	(27)	(302)	(1,174)	
Interest Expense	(73)	(73)	(115)	(42)	(42)	(115)	
Principal	(1,076)	(1,076)	(1,337)	(261)	(261)	(1,337)	
Transfer to One-time Expenses and Initiatives	(1,098)	-	-	-	-	(1,098)	
Net Cash Surplus (Requirements)	\$ (3,119)	\$ 1,958	\$ 1,628	\$ (330)	\$ (605)	\$ (3,724)	
Amortization	(2,318)	-	-	-	-	(2,318)	
Net Surplus (Deficit)	\$ (5,437)	\$ 1,958	\$ 1,628	\$ (330)	\$ (605)	\$ (6,042)	

OPERATING NOTES

- Administration expenses are -\$120K unfavourable due to significantly higher mobility service charges for cellular devices (-\$150K) and the early purchase of end user computing devices in response to impending tariffs (-\$77K), offset by savings in salaries and wages related to a vacant position (\$78K). By yearend, this variance is expected to decrease to -\$77K unfavourable, reflecting continued higher mobility charges (-\$180K) offset by savings in salaries and wages related to a vacant position (\$117K).
- Application Services expenses are currently -\$109K unfavourable and are projected to become -\$179K unfavourable by yearend due to higher than anticipated salary and wages related to increased benefit costs and unmet vacancy adjustment.
- Technical Services expenses are \$55K favourable due to timing of software support and hardware maintenance invoicing (\$159K) offset by higher than anticipated salaries and wages, specifically, benefit costs and unmet vacancy adjustment (-\$71K) and postage expenses for the mailroom (-\$23K). It is anticipated that this variance will become -\$155K unfavourable by yearend due to continued higher than budgeted salary and wage costs (-\$91K) and postage costs (-\$64K).
- Technology Software/GIS expenses are \$119K favourable due to timing of system upgrade that will be completed later in the year (\$42K) and savings in salaries and wages related to position vacancies (\$77K). This variance will carry forward to yearend.
- Principal is -\$261K unfavourable due to timing of prior years capital expenses and related borrowings. This variance will continue to yearend.

INFORMATION TECHNOLOGY

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Handled 3,872 service calls, successfully closing 3,568, with a customer satisfaction score of 4.89/5 (98%). While this is an increase over last quarter, many of the Q2 Closed Calls were a result of focused maintenance activities which generate automated service requests. During this time, IT Student position helped mitigate Service Desk staffing shortage.
- Completed migration of Information Technology (IT), City Clerk and Legal departments from legacy office phone system to Cisco Webex Telephony.
- Advanced the Utility Network Geographic Information System (GIS) project:
 - Phase 1 - Environmental Utilities has entered the acceptance testing stage.
 - Phase 2 - Gas Utility is in planning preparation, with execution scheduled to begin in the fall.
- The transition from OnBase to SharePoint for Records Management has been communicated organization-wide, with successful migrations completed for the Airport, Fire and Emergency Services, and IT departments.
- Successfully 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.

Planned Next Four Months

- Review IT Services Assessment Report and recommendation with ELT, with the goal to assess performance and identify improvement opportunities.
- Continue progress on the Records Management System transition, replacing OnBase with SharePoint. Begin large migrations out of OnBase and into SharePoint.
- Continue to advance the document migration project with Community Development. Transit and Community Support migrations are complete, and planning is underway for Admin staff.
- Complete setup and begin execution of the Microsoft 365 Adoption & Change Management (ACM) program.
- Begin cybersecurity enhancements using Microsoft 365, including testing and limited implementation.
- Complete the Corporate Network Refresh Project to modernize infrastructure.
- Solidify the migration plan for Unit4 Enterprise Resource Planning (ERP) from Oracle to Structured Query Language (SQL) Server in collaboration with business stakeholders.
- Continue to support Finance's Unit4 ERP Business Transformation initiatives. Systems Accountants has been engaged to help clear the backlog of items from different streams inside Unit4.
- Assist Gas Distribution in upgrading their GIS environment and data model to the latest GIS Utility Network format.
- Finalize and close out the Network Refresh and Electric Power Monitoring Expert (Revenue Meter) Server Rebuild projects for the OT Network Refresh Project.
- Complete the discovery phase of the Data Center Refresh project and initiate procurement for OT Data Center Refresh Project.
- Conclude the Request for Quote (RFQ) for OT services to support Phase 2 of the Policy Standards & Procedures and other initiatives for the OT Utility Cybersecurity Initiative.

INFORMATION TECHNOLOGY

For the Period Ended August 31, 2025

Report on Business Plan Goals

Advanced Collaboration Ecosystem	PROGRESS
<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>	<ol style="list-style-type: none">1. Data security planning IT staff training are underway, with initial adoption of advanced user licensing to enhance platform capabilities.2. The transition from OnBase to SharePoint for Records Management has been communicated organization-wide, with successful migrations completed for the Airport, Fire and Emergency Services, and IT departments.3. Document migration to SharePoint continues in collaboration with Community Development; Transit migrations are on track for completion in May, and planning is underway with Community Support.4. Salesforce displacement planning is progressing, with a SharePoint-based solution being developed for the Land & Real Estate and Economic Development teams.5. Business process automation using Power Apps and Power Automate is advancing, with pilot projects nearing completion. Personal productivity has been made available to the organization (after a short training). Adoption is going well with the number of makers steadily rising and the monthly champions meeting kicking off on Sept 10th.
<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>	<ol style="list-style-type: none">1. Initiated technical readiness planning for the Unit4 Cloud Migration, scheduled for 2026.2. Continued support for Finance's Unit4 ERP Business Transformation initiatives, including Inventory Changes and Posting Amendment Structure changes.3. Cityworks <i>Functional Health Check</i> in progress and <i>Upgrade Planning</i> has begun.4. Finalized the annual upgrade of the Planning & Development software application (CityView).5. Progressed the City website platform migration to GovStack, with the GoLive on Sept 8th.

INFORMATION TECHNOLOGY

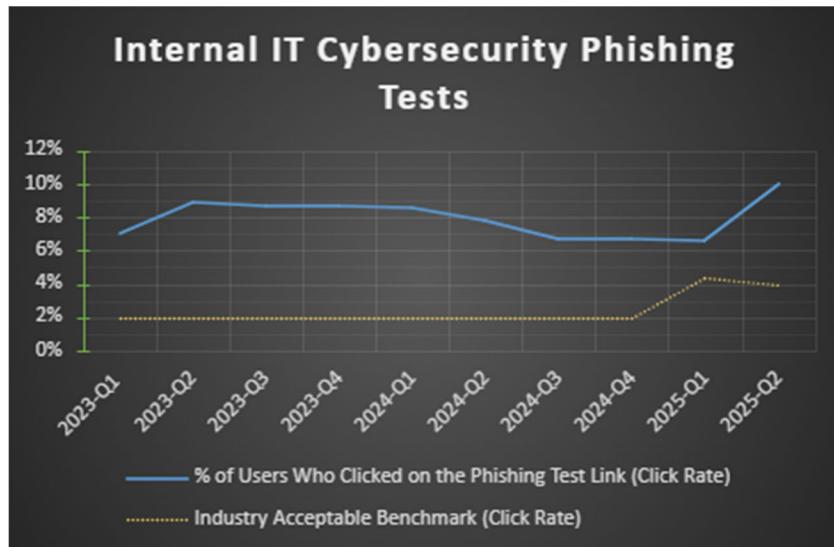
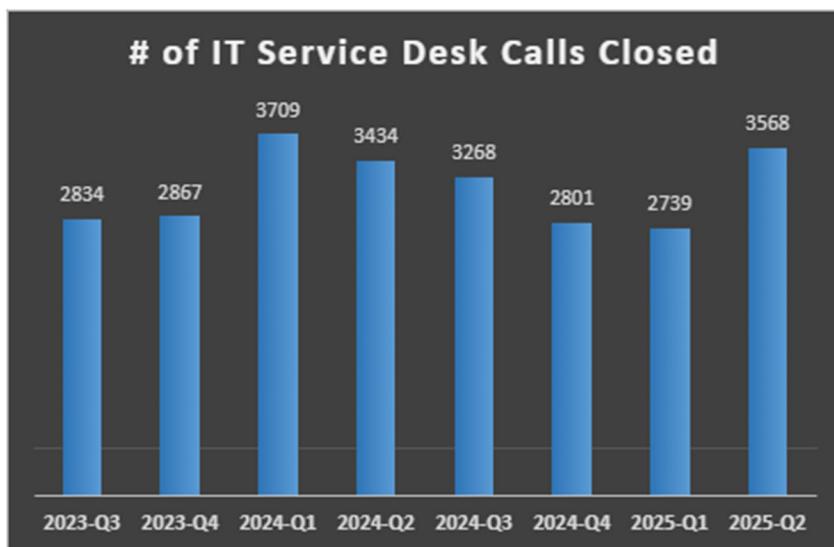
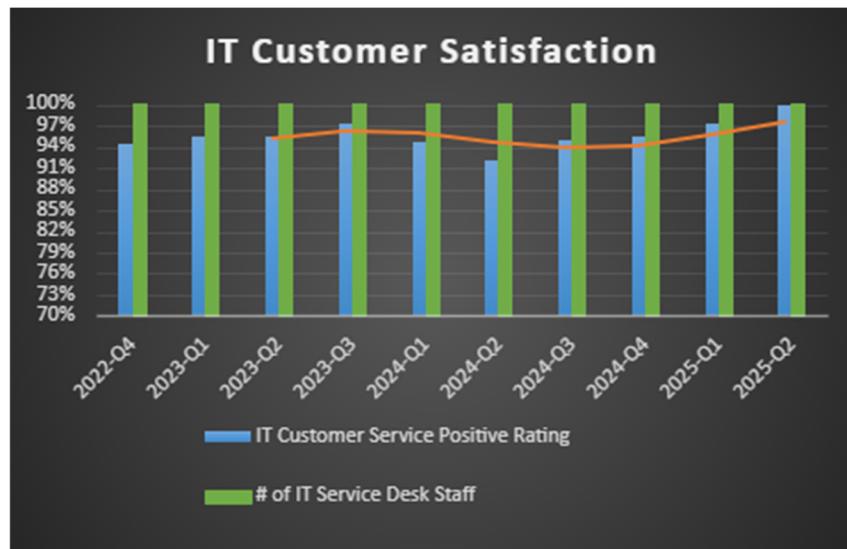
For the Period Ended August 31, 2025

Advance Cybersecurity Posture	PROGRESS
<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>	<ol style="list-style-type: none">1. A major network refresh was completed by Operational, Technology, Software & Intelligence (OTSI) which allows all OT Operating Departments to subscribe to a comprehensive list of cybersecurity services and resources. These changes also provide an additional layer of protection for critical infrastructure systems that were previously connected directly to the Corporate Network.2. Approximately 30 standards were approved by the Utility Cybersecurity Governance Committee in Q1 of 2025. The Utility Cybersecurity Technical Advisory Committee was given one year to review and provide recommended changes to the standards as provided by a third party, Valencia. Progress on this review process has just begun and is estimated to be complete in Q1 of 2026.3. Completed 2025 National Institute of Standards and Technology (NIST) Cybersecurity Maturity Assessment: Completed February 2025; results presented to ELT and SLT in March. This provides a baseline for ongoing security improvements and informs 2026 planning.4. Annual cybersecurity training campaign launched in April with 98% completion by staff. This campaign aligns with common/current threat landscapes.5. Corporate Firewall performance issue identified as a limitation of current asset. A temporary mitigation involving loaner firewalls has been implemented (with important support limitations), while planning for asset replacement in 2026 (capital asset funding approved).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: strengthening endpoint protections, data security and recovery planning.
<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 for 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. Both IT and OT have put together criteria to produce a single Request for Proposal (RFP) for the procurement of an IT Service Management System (ITSM). The initiative strives to source a single solution that can be separated into two different environments, if possible, but allows for separate solutions if not possible. The purpose of ITSM is to schedule and manage work on IT and OT assets to assist with planning and ensure consistent reliable services. For IT this system will replace Cherwell for service tickets generated from IT_Service_Desk@medicinehat.ca. Status: RFP process nearing completion.2. Corporate network technology refresh progress – project nears full completion (target end of Q4/25).3. Annual End User Computer Equipment Refresh & Windows 11 upgrade project made substantial progress this trimester and remains on schedule for a Nov/25 completion.4. Corporate Telephone System Replacement: The City's 10-year-old corporate telephone and Contact Center systems is being "refreshed": replaced to meet current business requirements, utilizing current unified communication technologies such as replacing physical phones with "soft phones" that fully integrated with the City's video conferencing, chat and messaging system (Microsoft Teams). Project proof of concept completed and phased deployment has started, with this project continuing into 2026.5. Phase 2 Uninterruptable Power Supplies (UPS) Replacements of 10yr old UPS's in the City's network communication closets. Assets count is about 50 devices housed in over 25 City locations: 80% Complete.

INFORMATION TECHNOLOGY

For the Period Ended August 31, 2025

Key Reporting Metrics



CORPORATE PLANNING & PERFORMANCE

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25		NOTE
						Projected Favourable / (Unfavourable)	Actual to Dec 31/25 at Aug 31/25	
Expenses								
Corporate Strategy & Analysis	\$ 1,148	\$ 739	\$ 590	\$ 149	\$ 200	\$ 948	\$ 948	1
	1,148	739	590	149	200		948	
Net Surplus (Deficit) before Internal Cost Allocations	(1,148)	(739)	(590)	149	200		(948)	
Internal Revenue	1,017	1,017	1,017	-	-			1,017
Internal Expenses	234	230	227	3	-			234
	783	787	790	3	-			783
Net Surplus (Deficit) before Cash Adjustments	(365)	48	200	152	200		(165)	
Net Cash Surplus (Requirements)	\$ (365)	\$ 48	\$ 200	\$ 152	\$ 200	\$	(165)	
Net Surplus (Deficit)	\$ (365)	\$ 48	\$ 200	\$ 152	\$ 200	\$	(165)	

OPERATING NOTES

1. Corporate Strategy & Analysis expenses are \$149K favourable due to less utilization of contracted services. This variance is anticipated to increase to \$200K favourable at yearend due to salaries and wage savings related to a vacant staff position (\$25K) and continued contracted services savings (\$175K).

OPERATING HIGHLIGHTS

Completed Last Four Months

- Collaborated with Finance to cost the service level inventory.
- Supported the organization-wide work, in partnership with Finance, to advance the \$2M efficiency target initiative.
- Provided key support to the ongoing Management Reporting project (Development & Infrastructure, Public Services, and Energy, Land and Environment).
- Began review process of sewer rates to align sewer rate methodology with the water rate structure.
- Presented the draft community service level inventory to Council Committee of the Whole.

Planned Next Four Months

- Present the community service level inventory with high-level costing information to Council.
- Continue to provide key support to the ongoing Management Reporting project (training, soft launch).
- Present Non-Profit Operating Grant options to Council for their consideration.
- Support rate impact analysis of the food waste composting project for recommendation to Council in Q4 2025.
- Continue 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.
- Continue work on the development and data collection for the long range strategic financial planning tool.

CORPORATE PLANNING & PERFORMANCE

For the Period Ended August 31, 2025

Report on Business Plan Goals

Strategic Management and Business Support 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, understanding business risks and alternatives with assessment of innovative solutions for the benefit of the organization and community.	PROGRESS <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, non-profit grant (operating), Medicine Hat Exhibition and Stampede, Facilities for the Future, etc.3. Completed phase 3 of the community service level inventory – costing.
Business and Data Analytics 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.	PROGRESS <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 August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Aug 31/25	Projected Actual		NOTE
						to Dec 31/25 at Aug 31/25	to Dec 31/25 at Aug 31/25	
Revenue								
Communication Centre	\$ 1,228	\$ 887	\$ 759	\$ (128)	\$ (227)	\$ 1,001	\$ 1,460	1
Fire Suppression	446	409	402	(7)	(17)		429	
Community Safety	10	7	4	(3)	(5)		5	
Training & Logistics	-	-	25	25	25		25	
	1,684	1,303	1,190	(113)	(224)			
Expenses								
Communication Centre	2,554	1,694	1,580	114	48	2,506	2	
Administration	1,239	796	765	31	(35)	1,274	3	
Fire Suppression	13,606	8,665	8,447	218	(605)	14,211	4	
Community Safety	945	602	595	7	-	945		
Training & Logistics	527	340	322	18	(10)	537		
	18,871	12,097	11,709	388	(602)	19,473		
Net Surplus (Deficit) before Internal Cost Allocations	(17,187)	(10,794)	(10,519)	275	(826)	(18,013)		
Internal Revenue	948	948	963	15	23	971		
Internal Expenses	2,913	2,541	2,567	(26)	(2)	2,915		
	(1,965)	(1,593)	(1,604)	(11)	21	(1,944)		
Net Surplus (Deficit) before Cash Adjustments	(19,152)	(12,387)	(12,123)	264	(805)	(19,957)		
Interest Expense	(2)	(2)	(2)	-	-	(2)		
Principal	(23)	(23)	(23)	-	-	(23)		
Net Cash Surplus (Requirements)	\$ (19,177)	\$ (12,412)	\$ (12,148)	\$ 264	\$ (805)	\$ (19,982)		
Amortization	(312)	-	-	-	-	(312)		
Net Surplus (Deficit)	\$ (19,489)	\$ (12,412)	\$ (12,148)	\$ 264	\$ (805)	\$ (20,294)		

OPERATING NOTES

1. Communication Centre revenue is -\$128K unfavourable due to decreased background check revenue. The decrease in revenue is due to a number of other 911 centres in Canada now participating in the backcheck program. As a result of less backcheck revenue, the unfavourable variance will increase to -\$227K unfavourable by yearend.
2. Communication Centre expenses are \$114K favourable due to delayed spending on software licensing (\$53K) and staff vacancies (\$49K). This variance is expected to decrease to \$48K favourable by yearend due to incurring software costs later in the year.
3. Administration expenses are expected to become -\$35K unfavourable due to additional software costs incurred later in the year.
4. Fire Suppression expenses are \$218K favourable due to delayed spending on hoses and materials (\$85K) and lower than budgeted lieu overtime and wages due to unsettled union contracts (\$126K). This variance is expected to become -\$605K unfavourable by yearend primarily due to the vacancy adjustment being higher than the savings associated with annual position vacancies and higher than anticipated union contract settlements.

FIRE & EMERGENCY SERVICES

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Continue preparation on implementing the Next Generation 911 call handling system.
- Hosted a successful open house at Fire Station 2 as a part of the department's 125th anniversary celebrations.
- Began the execution of the 2025/2026 business plan objectives for Q2.

Planned Next Four Months

- Execute 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.
- Continue with the execution of the 2025/2026 business plan objectives for Q3.
- Focus on community involvement and building community stakeholders through our Fire & Life Safety Educator.
- Continue preparation for the implementation of the Next Generation 911 call handling system.

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, to identify areas of strength and weakness. Testing began in Q1, and individual programs are tailored for staff to strengthen areas of 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 have completed the newly implemented Wellness program. Our Health and Wellness Program now includes all branches within FES.
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

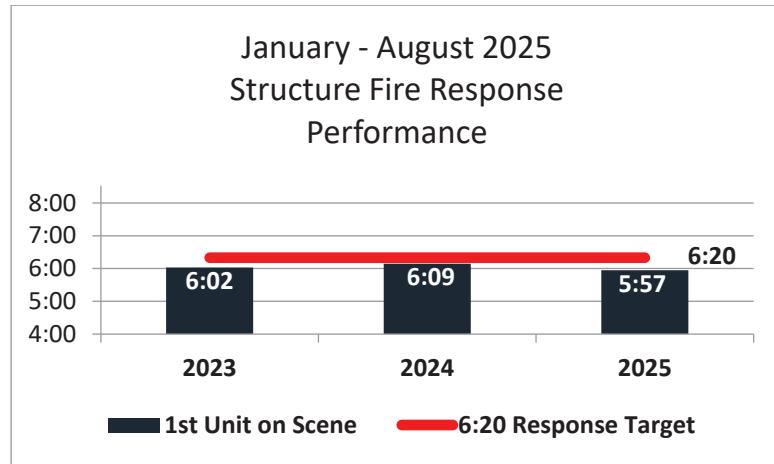
For the Period Ended August 31, 2025

Increase Community Focus and Engagement <p>Creating a strong community focus and engagement in fire services can be transformative for both the fire department and the community.</p>	PROGRESS <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.
Technology <p>Leverage technology to improve service delivery and align with Fire & Emergency Services' vision to remain progressive and innovative.</p>	PROGRESS <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.
Strategic Partnerships <p>Focus on strategic partnerships.</p>	PROGRESS <ol style="list-style-type: none">1. A series of collaborative meetings has been organized and scheduled with Medicine Hat Police Service (MHPS), HALO Air Ambulance, and County Fire Departments.

FIRE & EMERGENCY SERVICES

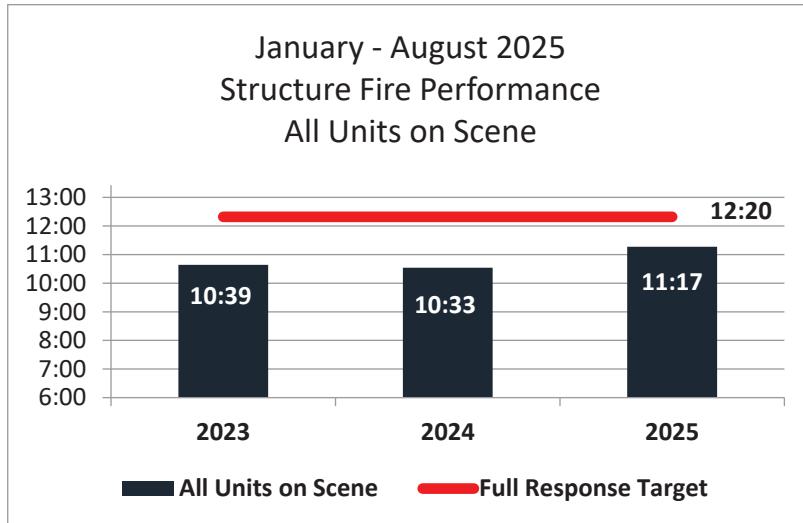
For the Period Ended August 31, 2025

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 reporting period, Fire & Emergency Services responded to structure fire incidents within 05:57 minutes 90% of the time. In 2024 (Jan-Aug), the 90th percentile performance time was 06:09. Fire & Emergency Services monitors this response time data continually and looks forward to continuously improved performance with operations now at relocated fire stations.



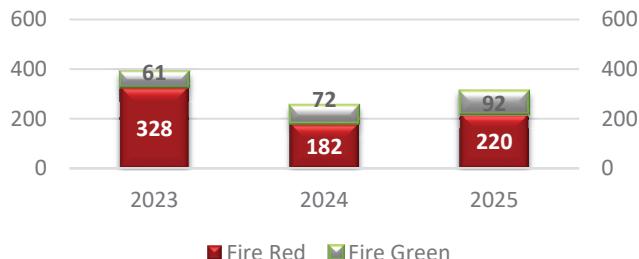
Fire & Emergency Services strives to place two Engine Companies and one Ladder Company on scene in 12:20 minutes 90% of the time (90th percentile performance).

The graph above illustrates that in this 2025 reporting period, Fire & Emergency Services placed all units on scene in 11:17 minutes 90% of the time. In 2024 (Jan-Aug), the 90th percentile performance was 10:33. Fire & Emergency Services monitors this response time data continually and looks forward to continuous improved performance with operations now at relocated fire stations.

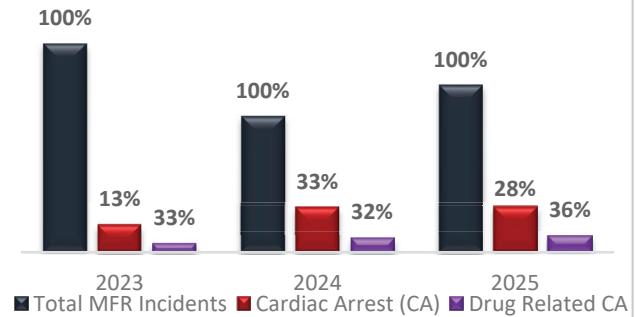
FIRE & EMERGENCY SERVICES

For the Period Ended August 31, 2025

January - August 2023-2025 MFR Incidents Red and Green Response



January - August 2023-2025 Cardiac Arrest Incidents



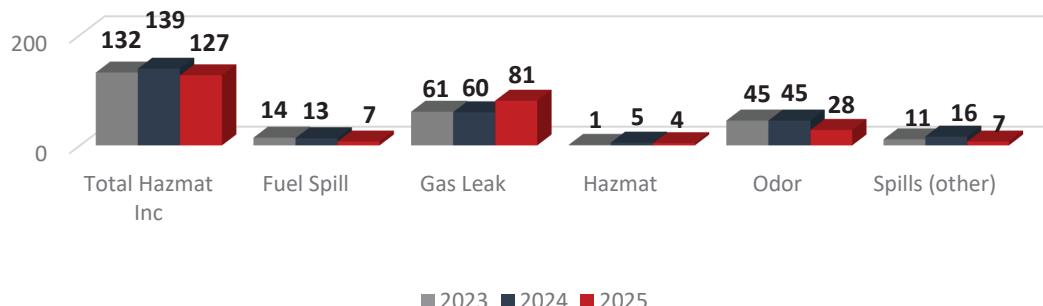
Early intervention in serious medical emergencies improves patient outcomes. Fire & Emergency Services (FES) specifically tracks cardiac arrests and drug-related cardiac arrests as a measure of time-sensitive, life safety response. The response is achieved with a full engine company response to keep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

Dollar Value Saved/Building and Contents Value January – August 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 89.12% of the value of buildings and contents involved in structure fires.

January - August 2023-2025 Hazmat Incidents by Category



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

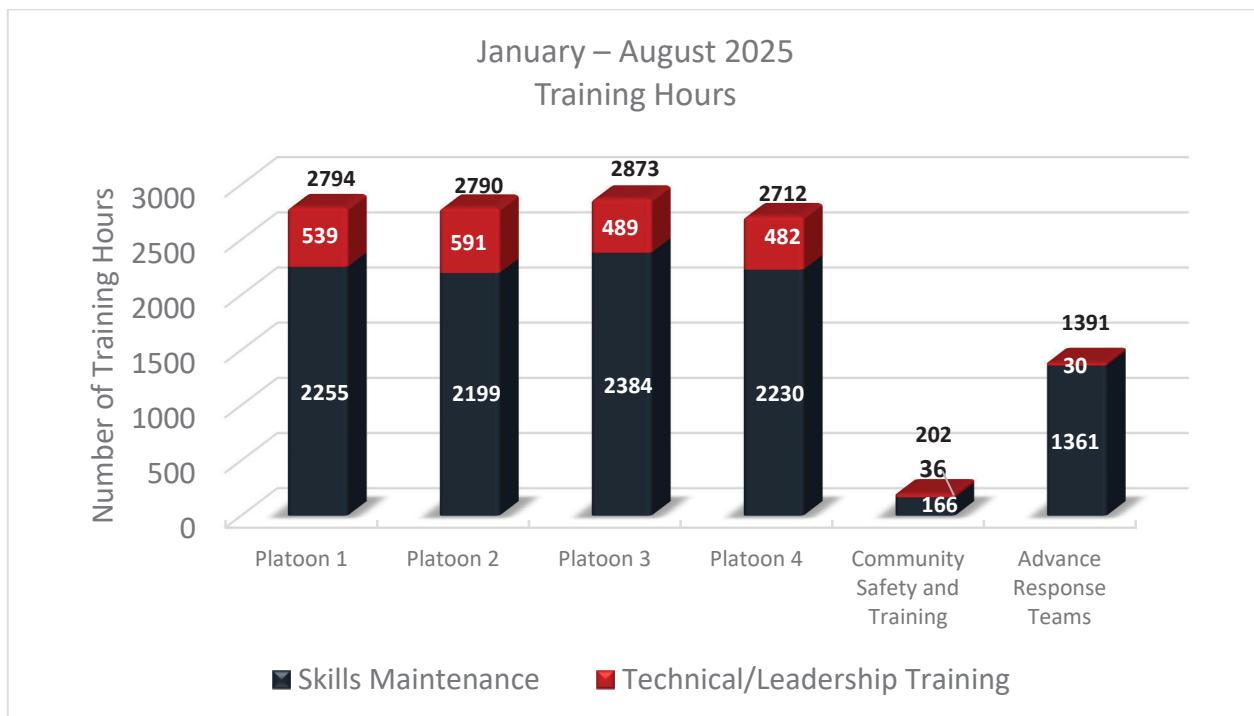
For the Period Ended August 31, 2025

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 at
January – August 2025

94%

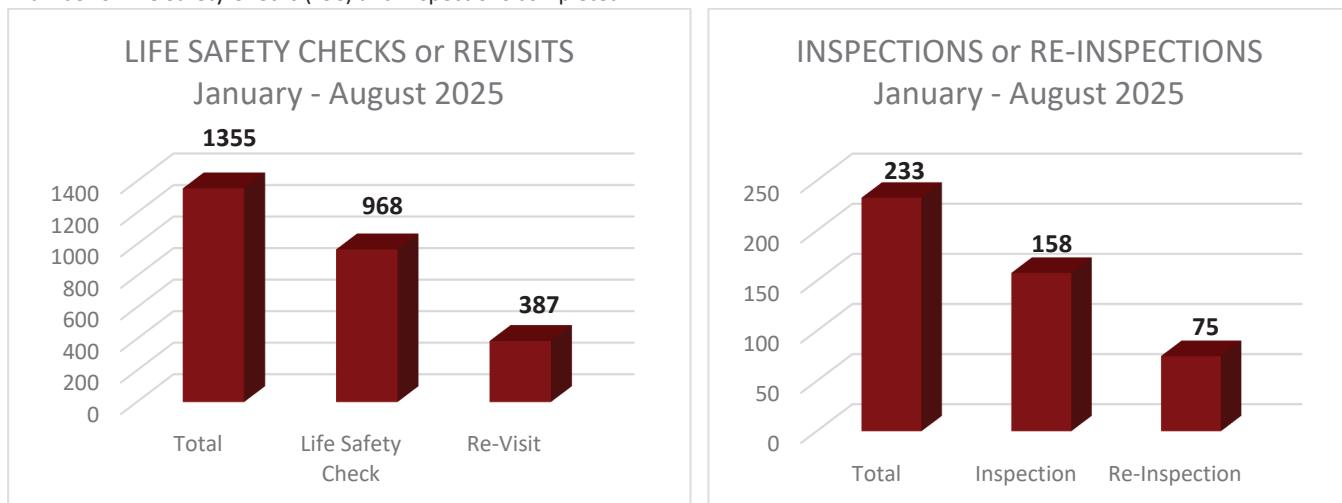
This KPI tracks the number of hours Fire & Emergency Service members spend in both Skills Maintenance Training and Technical/Leadership Training.



FIRE & EMERGENCY SERVICES

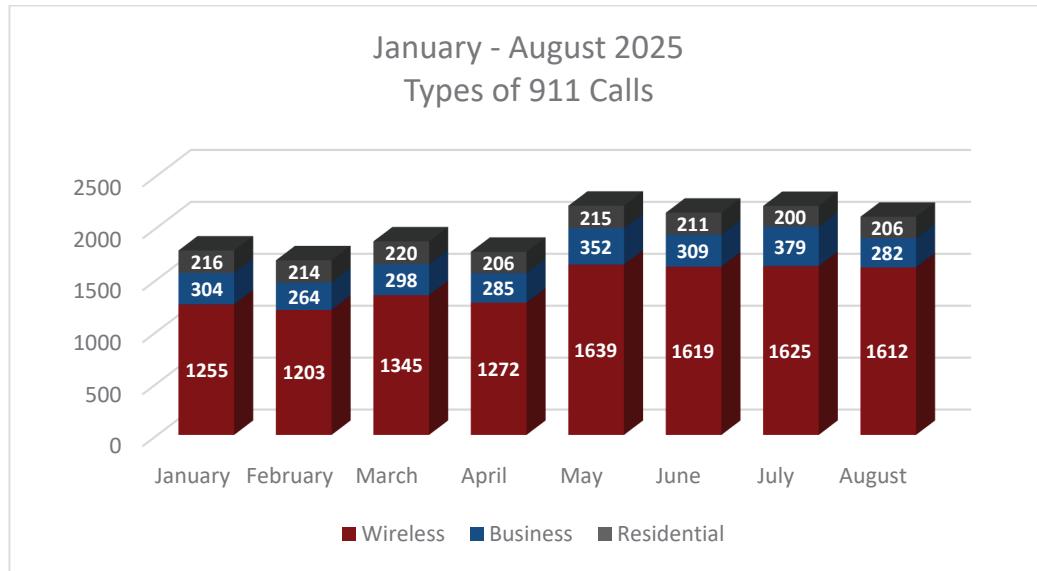
For the Period Ended August 31, 2025

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



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 our 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

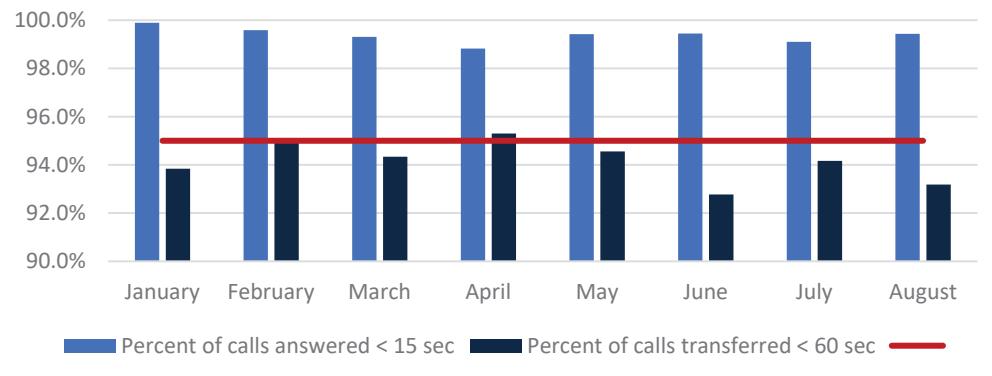


Alberta E9-1-1 Advisory Association (AEAA) collects the wireless 911 fees from the wireless carriers and distributes the funding through the 911 grant program to Public Safety Answering Points (PSAPS) that qualify by meeting Alberta 911 standards. Wireline telephone companies (TELUS, Bell, and Shaw)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

FIRE & EMERGENCY SERVICES

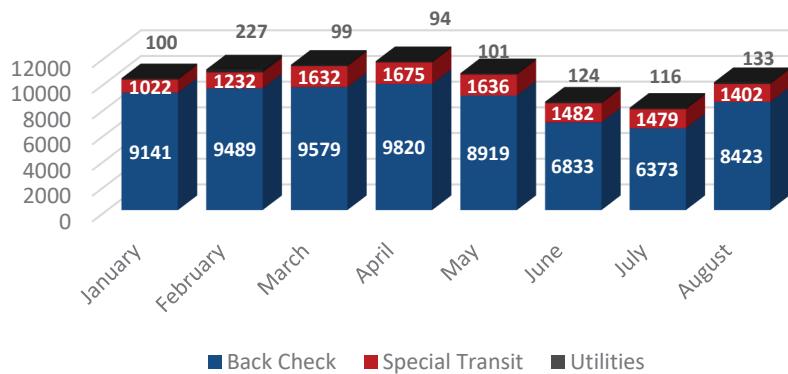
For the Period Ended August 31, 2025

January - August 2025 911 Call Answer and Call Transfer Time

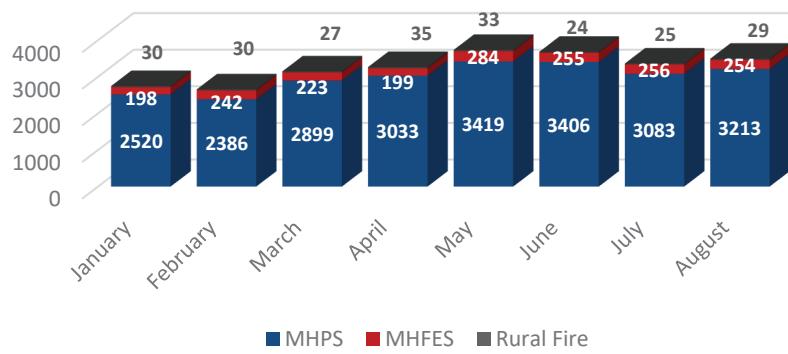


Alberta 911 Standards require 911 call answer to occur within 15 seconds 95 percent of the time, and call transfer time to occur within 60 seconds 95 percent of the time.

January - August 2025 Calls for Service



January - August 2025 Non Emergency Calls or Tasks



PARKS & RECREATION

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable)		Variance to Dec 31/25 at Aug 31/25	Projected to Dec 31/25 at Aug 31/25	Actual Aug 31/25	Projected Actual Aug 31/25 NOTE				
				Favourable / (Unfavourable)									
				Variance	Projected Favourable / (Unfavourable)								
Revenue													
Administration	\$ 312	\$ 62	\$ 59	\$ (3)	\$ (17)	\$ 295							
Parks	1,813	1,358	1,444	86	38	1,851	1						
Asset Planning & Business Services	16	11	31	20	30	46							
Recreation	4,661	2,846	3,249	403	392	5,053	2						
	6,802	4,277	4,783	506	443	7,245							
Expenses													
Administration	1,102	704	731	(27)	(15)	1,117							
Parks	7,374	5,401	6,101	(700)	(757)	8,131	3						
Asset Planning & Business Services	1,650	1,050	1,036	14	(41)	1,691	4						
Recreation	9,415	6,083	6,255	(172)	(266)	9,681	5						
	19,541	13,238	14,123	(885)	(1,079)	20,620							
Net Surplus (Deficit) before Internal Cost Allocations	(12,739)	(8,961)	(9,340)	(379)	(636)	(13,375)							
Internal Revenue	70	70	124	54	54	124	6						
Internal Expenses	9,467	7,124	7,406	(282)	(46)	9,513	7						
	(9,397)	(7,054)	(7,282)	(228)	8	(9,389)							
Net Surplus (Deficit) before Cash Adjustments	(22,136)	(16,015)	(16,622)	(607)	(628)	(22,764)							
Interest Expense	(305)	(305)	(485)	(180)	(180)	(485)	8						
Principal	(826)	(826)	(972)	(146)	(146)	(972)	8						
Transfer to Capital	(1,075)	-	-	-	-	(1,075)							
Net Cash Surplus (Requirements)	\$ (24,342)	\$ (17,146)	\$ (18,079)	\$ (933)	\$ (954)	\$ (25,296)							
Amortization	(6,333)	-	-	-	-	(6,333)							
Net Surplus (Deficit)	\$ (30,675)	\$ (17,146)	\$ (18,079)	\$ (933)	\$ (954)	\$ (31,629)							

OPERATING NOTES

1. Parks revenue is \$86K favourable due to higher than anticipated sports field bookings (\$21K), facility rentals (\$22K) and camping revenue (\$57K), offset by lower than expected summer operational costs at the cemetery resulting in less usage of the perpetual care fund (-\$20K).
2. Recreation revenue is \$403K favourable due to increase facility usage resulting in increased facility rentals (\$171K), donations (\$39K) and ice rentals (\$188K). This favourable yearend variance is expected to continue through to yearend.
3. Parks expenses are -\$700K unfavourable due to higher than budgeted wages (-\$275K) to meet season requirements at Echo Dale, Gas City Campground and Cemetery, higher than budgeted wages for additional term and temporary staff to meet operational requirements (-\$196K), increased contracted services (-\$169K): -\$62K trail snow removal and -\$107K to clean up graffiti, encampments, deer removal and garbage cleanup) and higher than budgeted materials related to these (-\$80K). This unfavourable variance is expected to increase to -\$757K by yearend due to continued costs related to encampment cleanup.
4. Asset Planning & Business Services expenses will be -\$41K unfavourable at yearend due to additional staff for leave coverage.
5. Recreation expenses are -\$172K unfavourable due to higher than budgeted salaries and wages as a result of supporting additional events and ice bookings at Co-op Place and other rinks (-\$195K) and increased bank fees (-\$13K), offset by delayed spending on contracted fitness fees (\$35K). This variance is expected to be unfavourable by -\$266K by yearend due to higher than expected salaries and wages due to increased programming, fitness and customer service staff to supplement additional classes and programs (-\$399K), offset by fewer operational hours needed as outdoor pools close and lower summer rink utilization carries through to yearend (\$38K) and Recreation staff being utilized in the Parks subdepartment for Echo Dale and Campground operations (\$92K).
6. Internal revenue is \$54K favourable due to additional urban forestry work completed. This variance is projected to continue through to yearend.
7. Internal expenses are -\$282K unfavourable primarily due to higher than budgeted internal equipment charges (-\$155K), water (-\$64K) and sewer (-\$71K). Interest expense and principal repayments are -\$180K and -\$146K unfavourable respectively due to timing of capital expenditures. This is expected to decrease to -\$46K unfavourable due to lower water consumption through the rest of the year.
8. Interest expense and principal repayments are -\$180K and -\$146K unfavourable respectively due to timing of capital expenditures. These variances will continue through to yearend.

PARKS & RECREATION

For the Period Ended August 31, 2025

OPERATING HIGHLIGHTS

Completed Last Four Months

- Successful summer season that included mid-season irrigation shutdowns to reduce water consumption during periods of increased precipitation.
- Presented alternative option for Council to endorse initiating engagement on Council Priority #4 with a specific focus on the potential development of a south-side destination outdoor pool and the construction of sports fields in Brier Run.
- Assumed ongoing operations of the Animal Pound Services Facility after the Request for Proposal (RFP) was cancelled as no bid met the requirements within the allotted budget.

Planned Next Four Months

- Commence work to winterize irrigation systems, close outdoor pools and the swim lake at Echo Dale Regional Park.
- Advance the Parks Bylaw to City Council for first, second and third reading.
- Present public engagement results to City Council related to Council Priority #4: Action Recreation and Wellness Opportunities.

Report on Business Plan Goals

Protecting the Natural Environment	PROGRESS
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.	<ol style="list-style-type: none">1. The department is awaiting final decision on the Growing Canada's Communities Canopies Grant submission. Upon receiving approval, the department would commence work to prepare for tree planting in the spring 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.
Developing People	PROGRESS
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.	<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.

PARKS & RECREATION

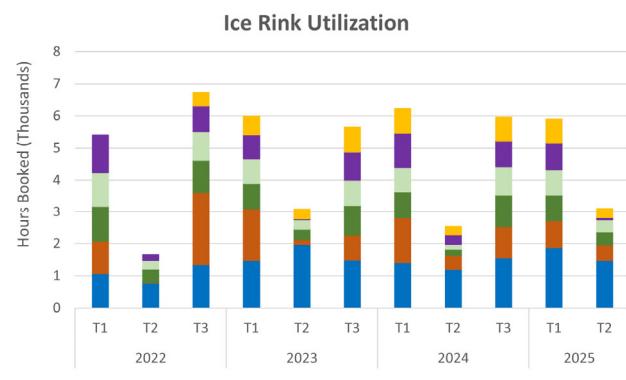
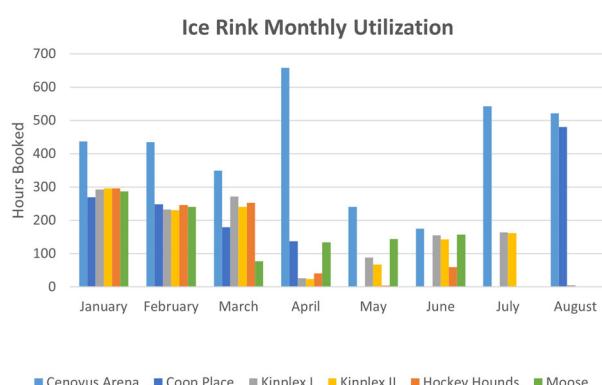
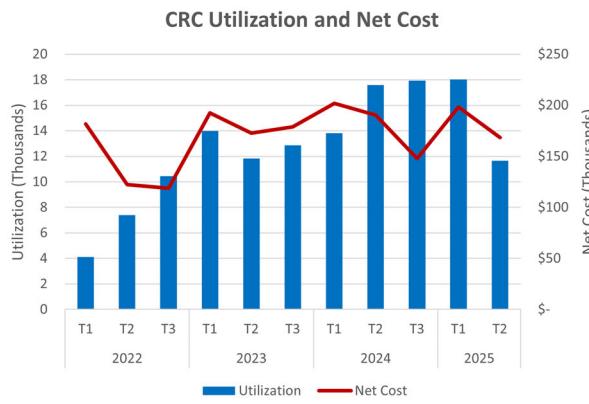
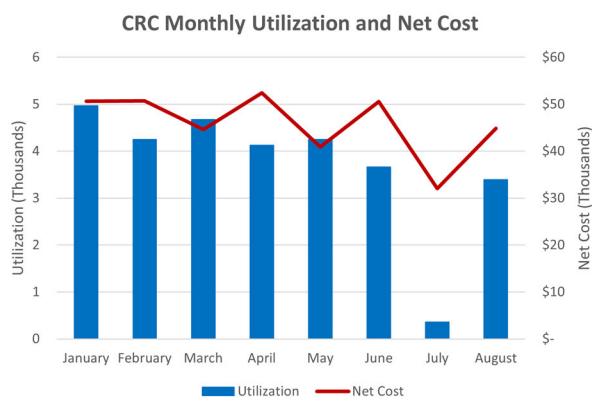
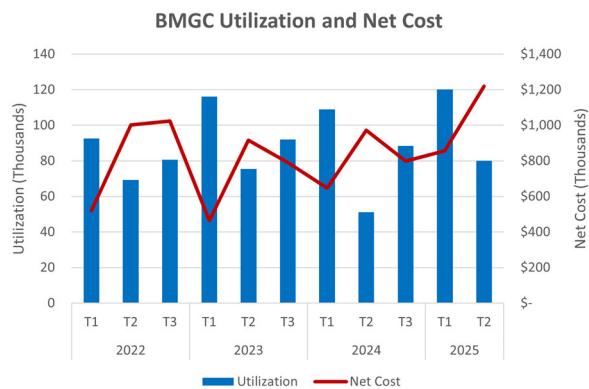
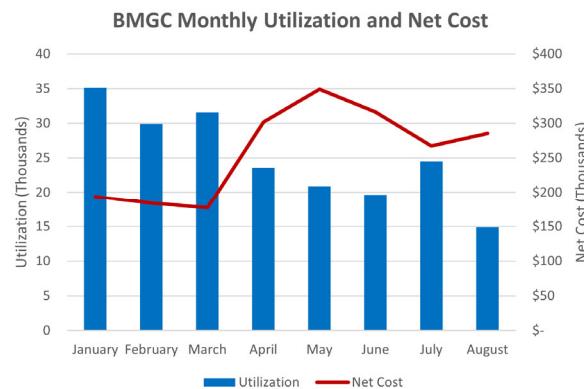
For the Period Ended August 31, 2025

Planning for the Future 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.	PROGRESS <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 department plans to bring forward the updated Parks Bylaw to City Council for first reading at the September 15, 2025 Regular Meeting of City Council.
Action Recreation and Wellness Opportunities Develop a multi-faceted recreation complex on the south side and determine the future of existing facilities in the community.	PROGRESS <ol style="list-style-type: none">1. In August, the department received City Council endorsement to initiate public engagement 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. Results of the engagement will be presented to City Council at the end of September.

PARKS & RECREATION

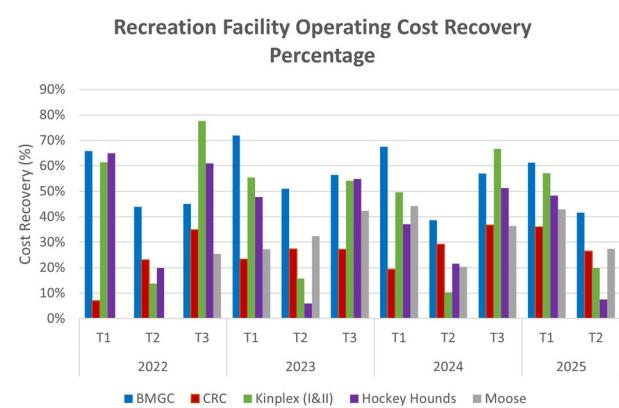
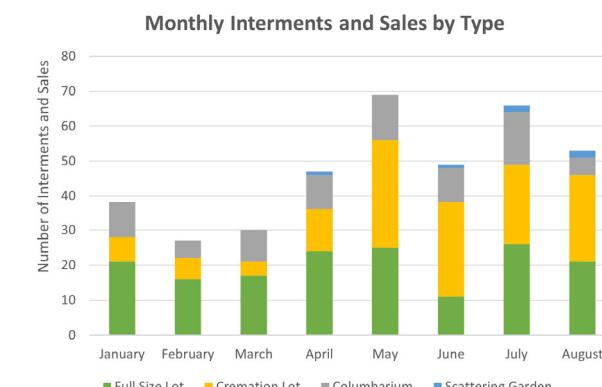
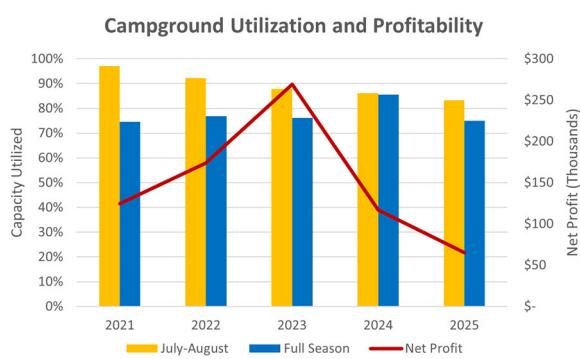
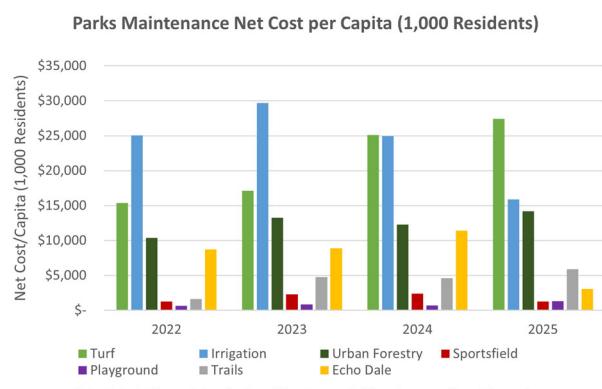
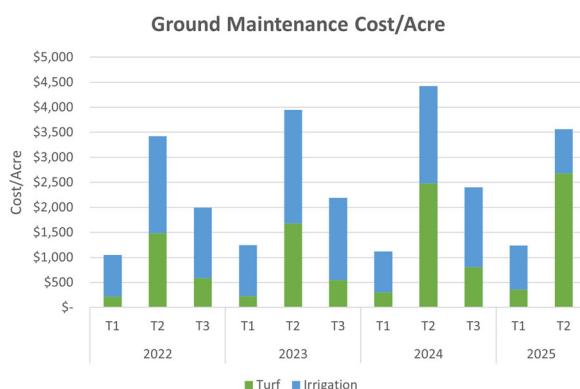
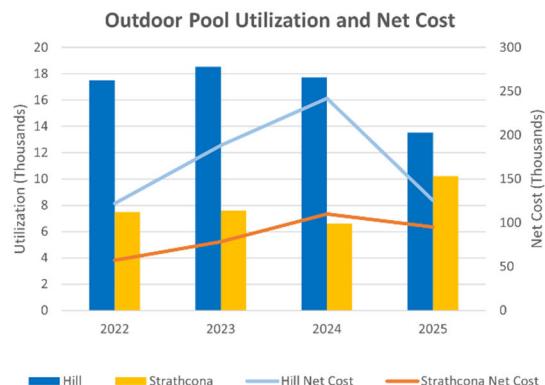
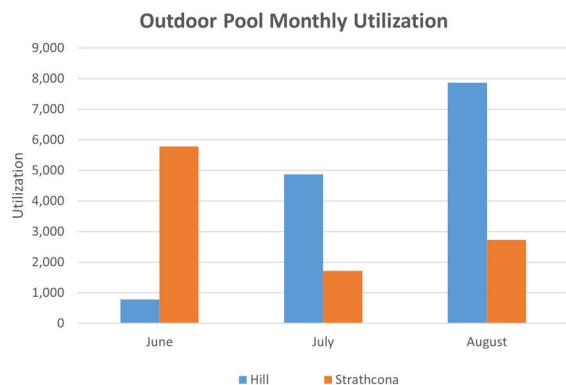
For the Period Ended August 31, 2025

Report on Performance Measures



PARKS & RECREATION

For the Period Ended August 31, 2025



COMMUNITY DEVELOPMENT

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Variance to Dec 31/25 at Aug 31/25	Projected Actual		Projected Favourable / (Unfavourable)
						to Dec 31/25 at Aug 31/25	to Dec 31/25 at Aug 31/25	
Revenue								
Administration	\$ -	\$ -	\$ 102	\$ 102	\$ 114	\$ 114	\$ 114	1
Cultural Experiences & Events	\$ 1,931	\$ 1,292	\$ 822	\$ (470)	\$ (802)	\$ 1,129	\$ 1,129	2
Guest Experience & Operations	\$ 3,693	\$ 2,062	\$ 3,512	\$ 1,450	\$ 1,440	\$ 5,133	\$ 5,133	3
Community Supports	\$ 1,793	\$ 1,361	\$ 1,632	\$ 271	\$ 382	\$ 2,175	\$ 2,175	4
Transit Services	\$ 1,381	\$ 904	\$ 1,192	\$ 288	\$ 304	\$ 1,685	\$ 1,685	5
	\$ 8,798	5,619	7,260	1,641	1,438	10,236		
Expenses								
Administration	\$ 693	\$ 449	\$ 412	\$ 37	\$ (193)	\$ 886	\$ 886	6
Cultural Experiences & Events	\$ 3,455	\$ 2,351	\$ 1,944	\$ 407	\$ 565	\$ 2,890	\$ 2,890	7
Guest Experience & Operations	\$ 4,427	\$ 2,636	\$ 3,729	\$ (1,093)	\$ (1,439)	\$ 5,866	\$ 5,866	8
Community Supports	\$ 2,418	\$ 1,640	\$ 1,709	\$ (69)	\$ (171)	\$ 2,589	\$ 2,589	9
Transit Services	\$ 4,959	\$ 3,170	\$ 3,408	\$ (238)	\$ (305)	\$ 5,264	\$ 5,264	10
	\$ 15,952	10,246	11,202	(956)	(1,543)	17,495		
Net Surplus (Deficit) before Internal Cost Allocations	(7,154)	(4,627)	(3,942)	685	(105)	(7,259)		
Internal Revenue	-	-	\$ 22	\$ 22	\$ 13	\$ 13	\$ 13	
Internal Expenses	\$ 7,090	\$ 5,951	\$ 5,741	\$ 210	\$ 117	\$ 6,973	\$ 6,973	11
	(7,090)	(5,951)	(5,719)	232	130	(6,960)		
Net Surplus (Deficit) before Cash Adjustments	(14,244)	(10,578)	(9,661)	917	25	(14,219)		
Interest Expense	\$ (251)	\$ (251)	\$ (251)	-	-	\$ (251)		
Principal	\$ (281)	\$ (281)	\$ (281)	-	-	\$ (281)		
Transfer (to)/from Reserve	\$ (24)	\$ -	\$ 14	\$ 14	\$ 14	\$ (10)		
Net Cash Surplus (Requirements)	\$ (14,800)	\$ (11,110)	\$ (10,179)	\$ 931	\$ 39	\$ (14,761)		
Amortization	\$ (2,851)	\$ -	\$ -	\$ -	\$ -	\$ (2,851)		
Accretion of Asset Retirement Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Surplus (Deficit)	\$ (17,651)	\$ (11,110)	\$ (10,179)	\$ 931	\$ 39	\$ (17,612)		

OPERATING NOTES

- Administration revenue is \$102K favourable due to unbudgeted additional grant funding for the Ancestor Reburial Project. This variance will continue to yearend.
- Cultural Experiences and Events revenue is -\$470K unfavourable due to fewer presented events at Co-op Place and the Esplanade (-\$580K), offset by increased revenue in educational and cultural programming (\$50K) and timing of grant revenue (\$70K). This variance is expected to increase to -\$802K unfavourable by yearend as a result of fewer presented events at Co-op Place and the Esplanade (-\$885K), offset by increased revenue from education and programming (\$41K).
- Guest Experience & Operations is \$1.5M favourable due to an increase in food and beverage revenue (\$759K) related to increased events at Co-op Place, and increased rental and service revenue (\$700K) due to timing of rental events and unbudgeted Tigers playoff games, offset by lower than budgeted advertising (-\$110K). This variance will continue to yearend.
- Community Supports revenue is \$271K favourable and projected to be \$382K favourable by yearend due to higher than anticipated Low Income Transit Program (LITP) Provincial Grant funding.
- Transit Services revenue is \$288K favourable and projected to be \$304K favourable by yearend due to sustained high ridership as a result of the Fair Entry Program.
- Administration expenses are expected to be -\$193K unfavourable by yearend due to distribution of unbudgeted grant funding for the Ancestor Reburial Project (-\$95K) and higher than anticipated wages and payroll benefits (-\$100K).
- Cultural Experiences and Events expenses are \$407K favourable as a result of reduced contracted services expenses at Co-op Place and the Esplanade (\$524K), offset by increased salaries for venue conversion and unmet vacancy adjustment (-\$123K). This favourable variance is projected to increase to \$565K at yearend due to lower-than-expected artist fees due to fewer events at Co-op Place and the Esplanade (\$710K), offset by the vacancy adjustment being higher than the savings associated with annual position vacancies (-\$138K).
- Guest Experience & Operations expenses are -\$1.1M unfavourable and are projected to become -\$1.4M unfavourable due to increased food and beverage product costs (current: -\$306K; projected -\$411K), labour costs (current: -\$335K; projected -\$514K) and higher than budgeted ticketing costs (current: -\$454K; projected -\$483K) as a result of increased events at Co-op Place.

COMMUNITY DEVELOPMENT

For the Period Ended August 31, 2025

9. Community Support expenses are -\$69K unfavourable and projected to be -\$171K unfavourable by yearend due to an unanticipated rate of continued growth of the Refugee/Fair Entry Subsidy Program.
10. Transit Services expenses are -\$238K unfavourable due primarily to the vacancy adjustment being higher than the savings associated with annual position vacancies (-\$103K), higher than budgeted benefits (-\$92K) and overtime (-\$54K). Transit Services expenses are projected to be -\$305K unfavourable by yearend due to the vacancy adjustment being higher than the savings associated with annual position vacancies, benefits and overtime (-\$182K), higher than budgeted parkade security cost (-\$80K), and telecommunications expenses (-\$36K).
11. Internal expenses are \$210K favourable due to lower than budgeted internal fleet charges. This favourable variance is expected to decrease to \$117K by yearend as additional fleets repairs are expected in the next four months.

OPERATING HIGHLIGHTS

Completed Last Four Months

- Transit service level improvements implemented including Saturday service hours extension, Sunday service added on Route 56 service. Targeted public engagement conducted on route changes in the North, which were piloted over the Summer with the goal of improving schedule adherence. An Adaptive Transportation policy was received by Public Services Committee.
- Creation of Community Well-Being Implementation plan initiated, including measurements of success. Family & Community Support Services (FCSS) 2026-27 funding applications evaluated by Community Vibrancy Advisory Board and recommendations approved by City Council.
- Co-op Place hosted a successful Tigers playoff run that saw multiple standing room only games. Entertainment experiences at Co-op Place included the Hunter Brothers, Sesame Street Live, and the Nitty Gritty Dirt Band. The Annual School Art Exhibition and awards at the Esplanade attracted a large audience.
- National Indigenous Peoples Day was celebrated with a Tepee erected at City Hall. As part of the Ancestor Reburial Project, a partnership between Miyawasin Friendship Centre, University of Alberta and City of Medicine Hat, two in-person days of consultation took place with First Nation communities.

Planned Next Four Months

- Adaptive Transportation Policy to be presented to Council. Pending approval, policy and procedure changes will be implemented utilizing change and communication plans. Regular Transit service will be monitored for the impacts of Summer and Fall service changes, and a focus will be placed on recruitment and training to ensure sufficient staff levels.
- Indigenous Relations Coordinator position to be hired and onboarded. Continued efforts to support the reburial of three ancestors held in trust at the University of Alberta in Medicine Hat.
- Measurements and data collection methods for Momentum - Community Well-Being Plan will be finalized. FCSS funding agreements and outcome measures with successful grantees will be executed.
- Launch of another busy entertainment and sport season, including WHL hockey, sold out Colter Wall show at the Esplanade, four exciting entertainment events at Co-op Place including Foreigner, Paul Brandt and Terri Clark, Professional Bull Riding (PBR), and Russell Peters, and the annual Art in Motion Festival at the Esplanade and downtown public spaces.

COMMUNITY DEVELOPMENT

For the Period Ended August 31, 2025

Report on Business Plan Goals

Community Well-Being	PROGRESS
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.	<ol style="list-style-type: none">1. Creation of Community Well-Being Implementation plan initiated, including measurements of success.2. FCSS 2026-27 funding applications evaluated by Community Vibrancy Advisory Board and recommendations approved by City Council.3. As part of the Ancestor Reburial Project, a partnership between Miywasin Friendship Centre, University of Alberta and City of Medicine Hat, two in-person days of consultation took place with First Nation communities.
Arts, Heritage, and Entertainment 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.	PROGRESS <ol style="list-style-type: none">1. Co-op Place hosted a successful Tigers playoff run that saw multiple standing room only games.2. Entertainment experiences at Co-op Place included the Hunter Brothers, Sesame Street Live, and the Nitty Gritty Dirt Band.3. National Indigenous Peoples Day was celebrated with a Tepee erected at City Hall.4. The Annual School Art Exhibition and awards at the Esplanade attracted a large audience.
Safe, Accessible, Adaptable and Scalable Transit System 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.	PROGRESS <ol style="list-style-type: none">1. Saturday service hours extended two hours.2. Sunday service added on Route 56 service.3. Targeted public engagement conducted on route changes in the North, which were piloted over the Summer with the goal of improving schedule adherence.4. New Adaptive Transportation policy was received by Public Services Committee.
Build a Resilient and Inclusive Community 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.	PROGRESS <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.

COMMUNITY DEVELOPMENT

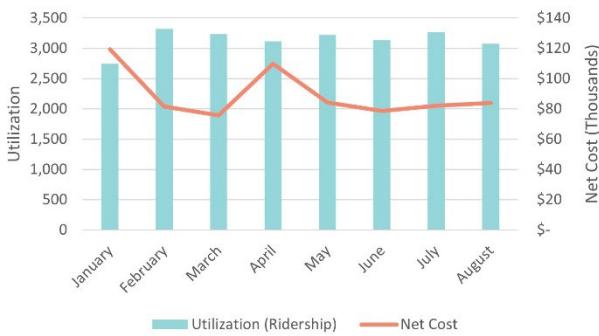
For the Period Ended August 31, 2025

Report on Performance Measures

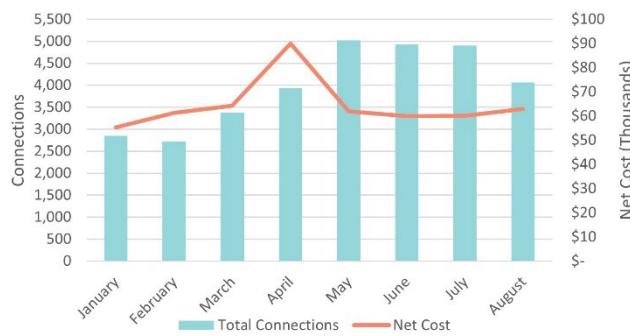
Regular Transit Utilization and Net Cost



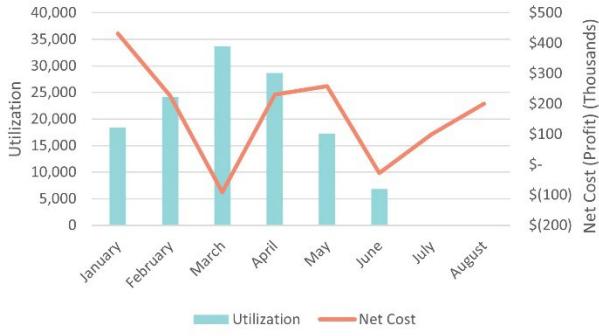
Special Transit Utilization and Net Cost



Community Support Connections and Net Cost



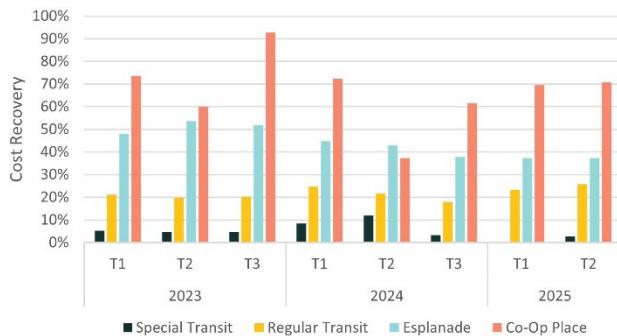
Coop Place Utilization and Net Cost



Esplanade Utilization and Net Cost



Community Development Operating Cost Recovery



OTHER ORGANIZATIONS

For the Period Ended August 31, 2025

(In thousands of dollars)

	2025 Budget	Budget To Date	Actual To Date	Favourable / (Unfavourable) Variance	Projected Favourable / (Unfavourable) Variance to Dec 31/25 at Aug 31/25	Projected Actual to Dec 31/25 at Aug 31/25	NOTE
Expenses							
Library	\$ 2,352	\$ 1,560	\$ 1,633	\$ (73)	\$ (50)	\$ 2,402	1
Other Organizations	399	236	239	(3)	-	399	
	2,751	1,796	1,872	(76)	(50)	2,801	
Net Surplus (Deficit) before Internal Cost Allocations	(2,751)	(1,796)	(1,872)	(76)	(50)	(2,801)	
Internal Expenses	314	255	219	36	24	290	
	(314)	(255)	(219)	36	24	(290)	
Net Surplus (Deficit) before Cash Adjustments	(3,065)	(2,051)	(2,091)	(40)	(26)	(3,091)	
Interest Expense	(10)	(10)	(10)	-	-	(10)	
Principal	(109)	(109)	(109)	-	-	(109)	
Net Cash Surplus (Requirements)	\$ (3,184)	\$ (2,170)	\$ (2,210)	\$ (40)	\$ (26)	\$ (3,210)	
Net Surplus (Deficit)	\$ (3,184)	\$ (2,170)	\$ (2,210)	\$ (40)	\$ (26)	\$ (3,210)	

OPERATING NOTES

1. Library expenses are -\$73K 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 expected to continue to yearend.



CHIEF FINANCIAL OFFICER

Report

As of August 31, 2025



Agenda

1. Current Environment
2. Financial Performance
3. Items of Interest

Current Environment

External Challenges

Inflation as of August 31 2025

Alberta Inflation Rate = 1.4%

- Inflation is up from July (1.3%)
- Bank of Canada interest rate to 2.75%
- Canada core inflation rate (2.6%)
- Canadian Dollar 0.72 USD
- US Imposed Tariffs 35% (up from 25% in first 7 months of 2025)

Inflation and tariffs impacts the cost of providing services to the community

Commodity Prices

Power Prices

Period	Price
2023 Actual	\$133/MWh
2024 Actual	\$63/MWh
2025 Budget	\$53/MWh
2025 Market Forecast	\$43/MWh

- **Electric Generation is projected to have positive net earnings in 2025 despite the decline in commodity prices.**

Financial Performance

August 31, 2025

FINANCIAL POSITION

August 31 compared to prior year December

Investment Portfolio (MV)
\$835 million

\$81 million 

Debt
\$404 million

\$41 million 

Asset Retirement Obligation (ARO)
\$138 million*

no change

Net Capital Assets
\$1.4 billion

no change

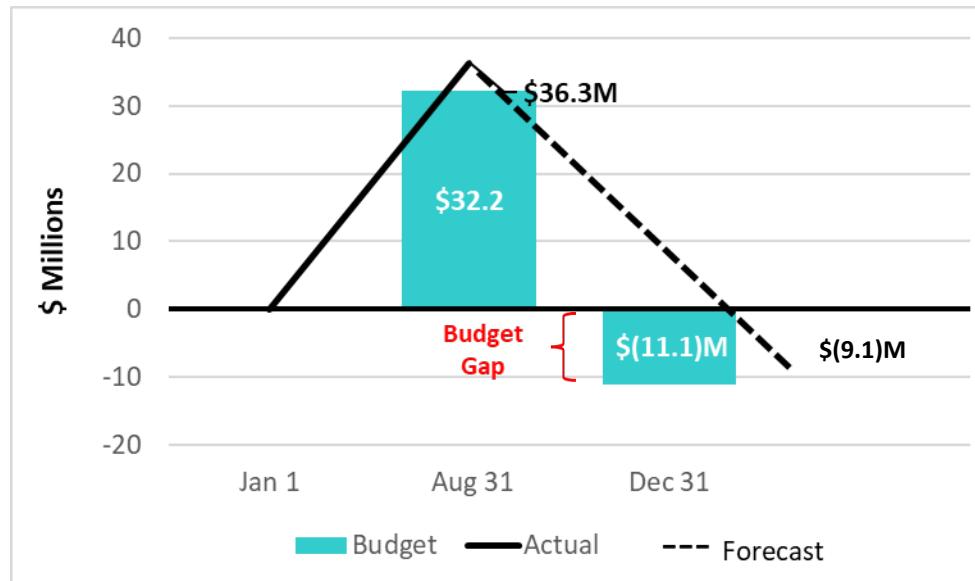
Increased investment portfolio from higher cash balance and year-to-date investment returns

Higher debt due to borrowing at the end of April 2025

Other future obligations and asset replacements not reflected in financial statements

***~\$48M ARO for the Powerplant will be recorded at December 31, 2025**

Operating Surplus (Deficit)



Operating Highlights – to August 31

- Actual surplus = \$36.3 million (budgeted surplus = \$32.2 million)
 - ✓ increased permit applications and timing of business license revenue
 - ✓ savings from vacant positions
 - ✓ lower GIPOT write-offs
 - ✓ realized gains on sale of equity investment positions
- Projected total deficit = \$9.1 million (\$2.0M favourable from budget gap of \$11.1M)
 - ✓ Higher investment income from higher performing equities
 - Offset by:*
 - ✓ lower court fine revenue
 - ✓ settlement of union contract in Fire and Emergency Services
 - ✓ temporary wages in Parks and Recreation

(in millions of dollars)	As at August 31, 2025			Projected to December 31, 2025		
	Budget Net Surplus (Deficit)	Actual Net Surplus (Deficit)	Variance from Budget	Budget Net Surplus (Deficit)	Forecast Net Surplus (Deficit)	Variance from Budget
TOTAL RATE BASED UTILITIES EBITDA	23.5	27.4	3.9	41.5	43.2	1.7
TOTAL ENERGY PRODUCTION EBITDA	21.8	21.2	(0.6)	40.8	40.0	(0.8)
TOTAL EBITDA	45.3	48.6	3.3	82.3	83.2	0.9
Free cash flow (transfer to reserve)	0.0	0.0	0.0	(14.6)	(15.0)	(0.4)
Balance to fund sustaining capital & service debt	45.3	48.6	3.3	67.7	68.2	0.5

Positive
impact to
Financial
Reserves

RATE BASED – current and projected favourable variance

- One-time sale of recycling carts
- Savings from change in chemical suppliers
- Delayed opening of solids handling facility
- Savings from staff vacancies and time charged to capital
- Less gas transportation contract expenses

ENERGY PRODUCTION – current and projected unfavourable variance:

- Lower than budget electricity commodity price for sales to the power pool
- Lower gas commodity pricing in oversupplied market

CAPITAL SPENDING

Capital Projects = \$64.5M (8.6%) projected favorable variance

Open Capital Projects – August 31, 2025

Approved capital	\$748M
Less: spent & committed to date	(\$415M)
Less: remaining to be spent – forecast	(\$269M)
Expected favourable variance (8.6%)	\$64M



Favourable variance largely due to lower gas production abandonment costs and completion of Clear Horizon

BUDGET AMENDMENTS - Council Approved as of August 31, 2025

Council Approved Budget Amendments	Approved budget (\$000's)	Capital/Operating	Tax Impact	Funding Source
Growing Canada's Community Canopies (GCC) Tree Planting Program	\$3,460	Operating	0.09%	\$1,750 Operating Reserves; \$1,750 Government Grant
Property Tax Bylaw Growth Revenue Shortfall	\$520	Operating	0.03%	Operating Reserves
Medicine Hat Exhibition & Stampede Preliminary Concept Design	\$250	Operating	0.01%	Operating Reserves
Medicine Hat Women's Shelter Society Grant	\$1,850	Operating	0.09%	Operating Reserves
Regional Emergency Management Plan	\$125	Operating	0.00%	Government Grant
IBEW Collective Bargaining Agreement Settlement	\$158	Operating	0.00%	Working Capital
Settlement, Integration & Language Project	\$332	Operating	0.00%	Government Grant
Saamis Solar Detailed Due Diligence	\$675	Capital	0.00%	Energy Transition Reserve
Total	\$7,370		0.21%	

BUDGET AMENDMENTS (OPERATING)

City Manager Approved as of August 31, 2025

City Manager Approved Budget Amendments

2025 Operating Budget Reallocations:

Approved Date	Description	Budget Amendment		
		Revenue	Expense	Type
March 18, 2025	Energy Business Review Reallocation ¹	\$0	\$35	One-time
		\$0	(\$35)	One-time
April 23, 2025	Medicine Hat Public Library (MHPL) Excess Budget ²	\$0	(\$43)	One-time
		\$0	\$43	One-time
May 15, 2025	Alberta Law Enforcement Response Team (ALERT) Police Clerk ³	(\$90)	\$90	Ongoing
June 25, 2025	Investment Attraction Strategy & Action Plan ⁴	(\$41)	\$41	One-time
June 26, 2025	Reallocate Increased Service Level Costs from Transit Services to Fleet Services ⁵	\$0	(\$250)	Ongoing
		\$0	\$250	
Total		(\$131)	\$131	

Net impact is zero

City Manager Operating Contingency

2025 Operating Budget Amendments:

Approved Date	Description	Approved Budget
	Approved Budget	\$100
March 24, 2025	Medicine Hat Police Services (MHPS) Data Enhancement Grant ¹	(\$30)
July 28, 2025	Personnel Matter Investigation ²	\$30
Balance - City Manager Operating Contingency		\$100

Notes:

1. Grant received so funds were paid back
2. Amount to be determined

BUDGET AMENDMENTS- (CAPITAL)

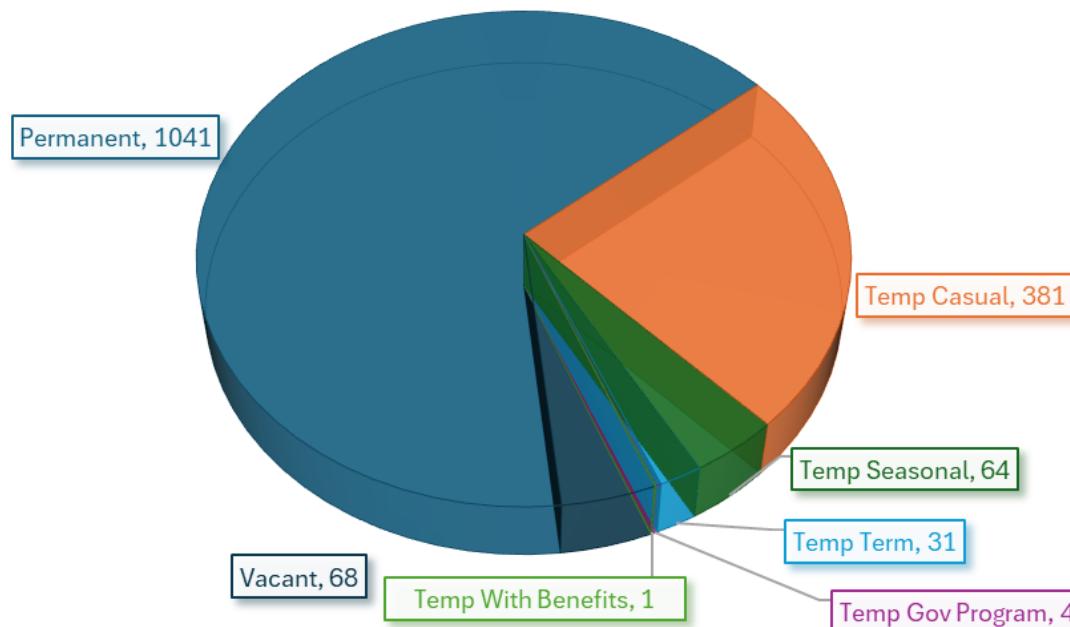
City Manager Approved as of August 31, 2025

Approved Date	Description	Department	Approved	Approved	Adjusted	Funding Source
			Budget	Reallocation	Budget	
January 15, 2025	Negotiator Throw Phone/Firearm Replacements Capital Budget Reallocation ¹	Police Services	\$60	(\$33)	\$27	Internal Loan
			\$225	\$33	\$258	Internal Loan
March 3, 2025	Unit 11 Turbine Overhaul & Unit 14 Hot Section Replacement (Critical) ²	Electric Generation	\$11,981	\$1,900	\$13,881	Working Capital
			\$5,600	\$1,200	\$6,800	Working Capital
May 12, 2025	Water Treatment Plant Residuals Management Facility Change in Funding Source ³	Environmental Utilities	\$7,950	(\$2,590)	\$5,360	Reserves
			\$26,500	\$2,590	\$29,090	Government Grants
May 12, 2025	Reallocate Fleet Growth Capital Budget Requests ⁴	Airport	\$550	(\$550)	\$0	Government Grants
		Community Development	\$750	(\$750)	\$0	Reserves
		Municipal Works	\$500	(\$500)	\$0	Reserves
		People Services	\$40	(\$40)	\$0	Reserves
		Environmental Utilities	\$50	(\$50)	\$0	Reserves
		Fleet & Facilities	\$0	\$1,890	\$1,890	Government Grants / Reserves
July 31, 2025	Trans Canada Trail Accessibility & Inclusion ⁵	Parks & Recreation	\$428	(\$35)	\$393	Reserves
			\$0	\$35	\$35	Government Grants
August 25, 2025	Reallocate Land Capital Budget ⁶	Environment, Land & Gas Production	\$4,000	(\$2,398)	\$1,602	Working Capital
			\$400	\$14	\$414	Working Capital
			\$300	\$34	\$334	Working Capital
			\$150	\$2,350	\$2,500	Working Capital
Total			\$59,484	\$3,100	\$62,584	

PEOPLE METRICS - As of August 31, 2025

TOTAL HEADCOUNT AT AUG 31, 2025

TOTAL = 1590



Payment Metric	Number of People	Cumulative Amount (in thousands)
Severance Payments	9	\$ 1,102
Bonus Payments ^{1,2}	42	\$ 532

1. Bonus payments made in 2025 based on 2024 metrics.

2. Bonus payments are not tax supported.

Headcount and FTE's are not representative of one another.

FINANCIAL RESERVES

Financial Reserves Projected Balance= **\$789M** (Dec 2024: **\$754M**)

- Funds have been restricted for future costs including:
 - ✓ Asset Retirement Obligations (Powerplant, Asbestos, Gas Wells)
 - ✓ Energy Transition (support transition to net zero emissions)
 - ✓ Capital Projects (approved budget and future projects)
 - ✓ Operational short falls
 - ✓ Supplement financial sustainability, economic evolution and community liveability

Unrestricted Cash = \$171M

• day to day expenses
• operating obligations

Abandonment Reserve = \$79M

• asset retirement obligations

Energy Transition Reserve = \$79M

• Transition to net zero emissions

Capital Reserve = \$192M

• future capital

Operating Reserve = \$35M

• cover operating shortfalls
• unexpected events

Medicine Hat Endowment = \$211M

• endowment fund

Grants/Donations = \$22M

• dedicated for specific projects

FINANCIAL RESERVES – FINANCIAL SUSTAINABILITY

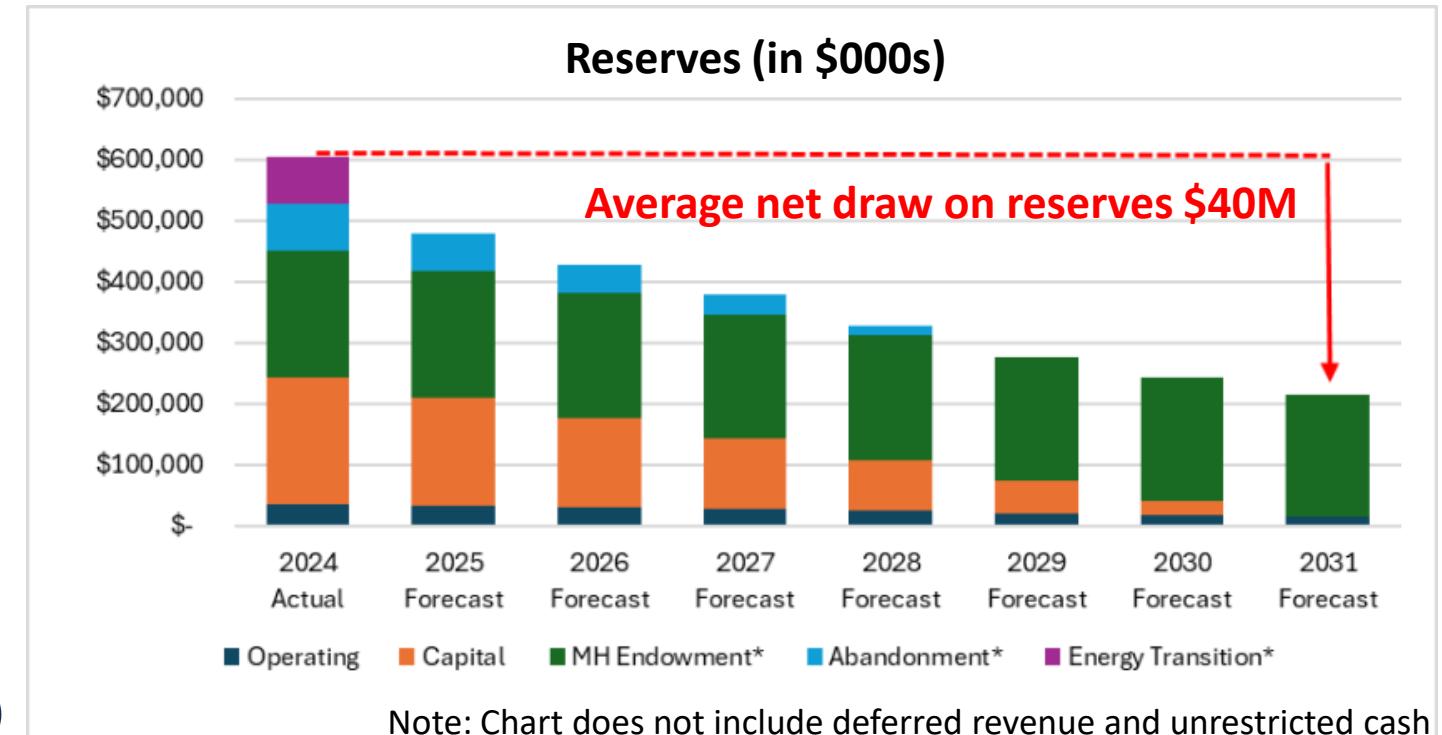
Why isn't the City using this money now?

- ❖ Costs of future obligations is unknown.
- ❖ Inflows are decreasing as dividends from Energy continue to fall.
- ❖ Reserves need to grow so they earn investment income (*used to offset decrease in dividends*)

Average draw on reserves - \$40M per year

=

Capital and Operating Reserves depleted by 2031



INVESTMENT MANAGEMENT

Investment Portfolio (MV) = \$835M (Dec 2024: \$754M)

- Performance
 - ✓ 2025 YTD return = 6.69% (compared to benchmark of 5.60%)
- Investment strategy
 - ✓ top-tier investment managers
 - ✓ well diversified by asset class & geography
 - ✓ long-term approach with respect to volatility
- Portfolio positioned to generate approx. 5.5% annually over a five-year period

MARKET COMMENTARY

Investment Return Drivers:

- Solid corporate earnings
- Easing but persistent inflation
- Continued interest rate cuts

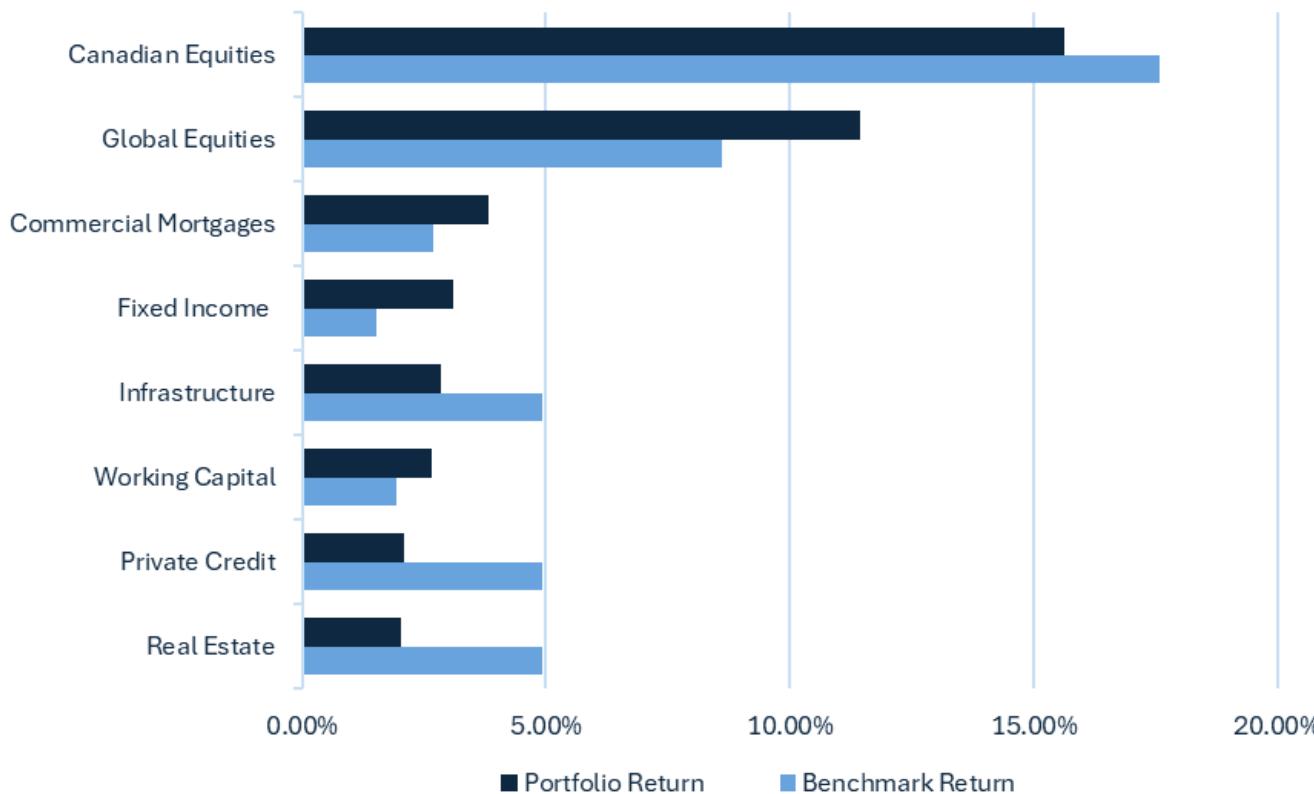
Investment Detractors:

- Geopolitical tensions
- Trade policy
- Technology and polarization

The City of Medicine Hat's investment portfolio is well diversified across different asset classes and geographies and remains well positioned to meet its long-term objectives.

INVESTMENT PORTFOLIO OVERVIEW

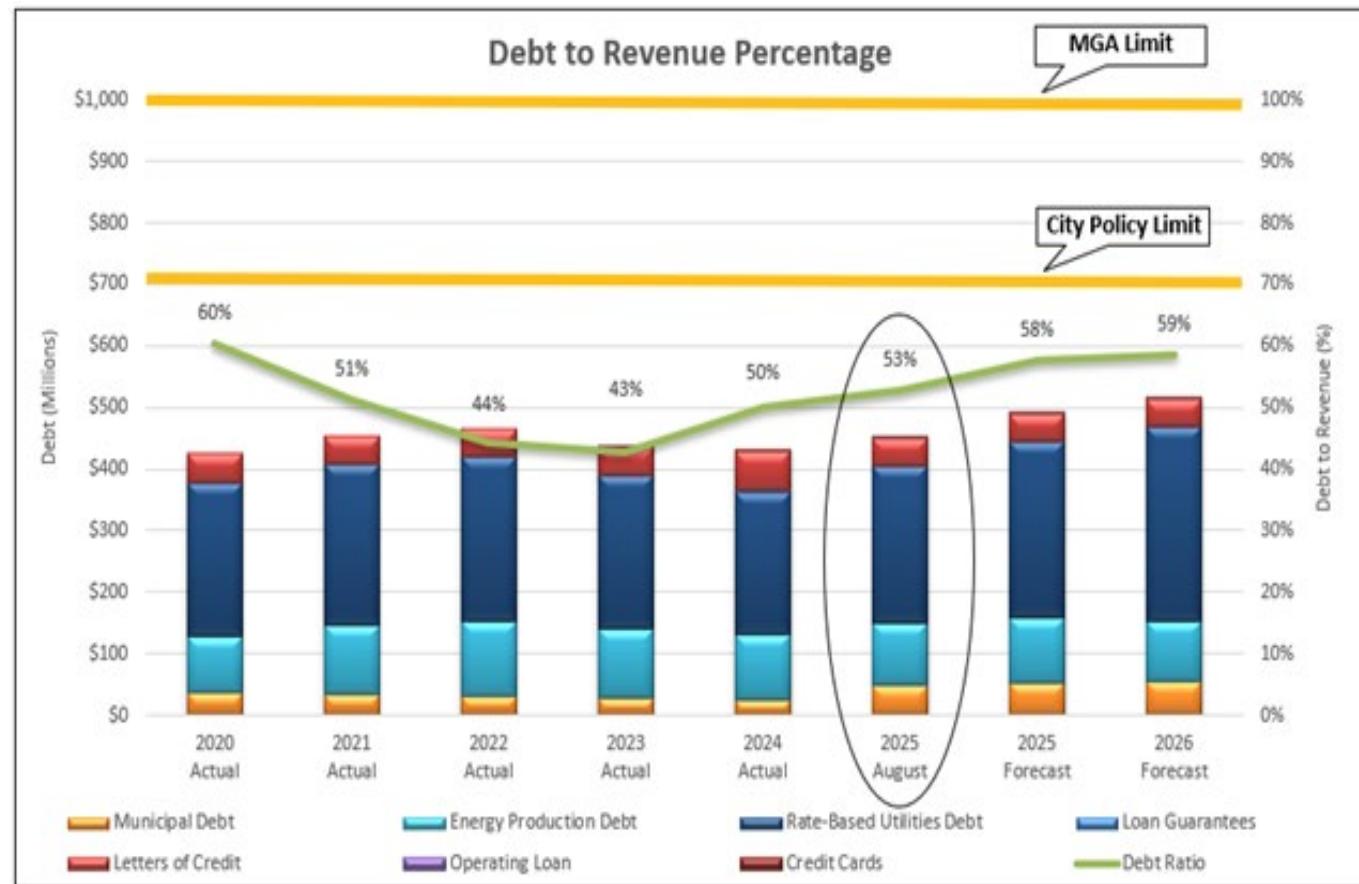
2025 Year-to-Date Portfolio Performance



DEBT MANAGEMENT

Debt = \$452M (Dec 2024: \$428M)

- CMH within debt limits
 - 2024 actual = 50%
 - 2025 August = 53%
 - 2025 forecast = 58%
- Average annual interest rate = 3.44%
 - YTD interest paid = \$6M
- Revenue impacts debt limits



Items of Interest

2025

STRATEGIC PLAN

Some key items as of August 31, 2025:

- Priority 1: Community facing services have been documented and defined. Costing completed and presented to Council.
- Priority 2: Medicine Hat Resilient and Inclusive Task Force Inaugural Meeting and adoption of the Community Well-being Plan.
- Priority 3: Economic Development presented their 2025 Economic Development report up to the third quarter.
- Priority 4: Continued work with Facilities for the Future. Public engagement is underway.



Strategic Plan 2024-2026



The following strategic priorities were developed by Council in Autumn 2024, in reflection of those priorities and goals which City Council Members feel are best suited to drive the organization and community forward.

Priority 1

Create organizational capacity for effective & efficient service delivery

- Inventory/define current service levels
- Define required and desired service levels
- Implement a workforce strategy

Priority 2

Build a resilient & inclusive community

- Lead a provincial/municipal/community urgent response to social disorder

Priority 3

Foster a dynamic & thriving community economy

- Action the Regional Economic Development Plan
- Create opportunities to incentivize business and reduce barriers

Priority 4

Action recreation & wellness opportunities

- Develop a multi-faceted recreation complex on the south side
- Determine the future of existing facilities

CITY OF MEDICINE HAT • 580 FIRST STREET SE • MEDICINE HAT, AB, T1A 8E6

CORPORATE STRATEGIC OBJECTIVES

Three objectives and seven goals within our corporate plan continue to be developed and implemented.

- Amended the Tri-Area Intermunicipal Development Plan Bylaw
- Developed Phase 1 service level inventory and costing
- Created financial tables for Council reports to note cumulative financial and tax impacts
- Energy Review completed with further analysis for a Rate Review Committee



The image shows a document titled "CORPORATE STRATEGIC OBJECTIVES" for the City of Medicine Hat. The document is dated "Execution: 2024-2026" and features a background image of the city skyline. The introduction states: "We have a tremendous opportunity to leverage our strengths and build an even better, more sustainable, thriving city that has a strong regional voice and attracts future generations to call our city home. Our strategy is based on three corporate strategic objectives: 1) Partnership Culture 2) Stakeholder Satisfaction 3) Financial Sustainability".

1 | Develop and foster a culture of partnership.

We understand that we can accomplish much more in partnership than on our own. We must shift how we think and avoid a siloed, protective, or narrow approach. Instead of being only a regulator of rules, we need to better collaborate with partners to help them navigate regulations and find practical win-win solutions – while continuing to manage risk for the city. With a focus on innovation and creativity, we must evolve and be advocates for our stakeholders including City Council, public and others.

Goal 1.1
Develop an entrepreneurial and 'can do' approach to achieve positive experiences and outcomes.

KEY OUTCOMES

1. CMH employees feel empowered and safe to pilot and test ideas as learning and not as failure.
2. We have alignment and collaboration with local agencies to solve relevant municipal and regional social issues.
3. Our stakeholders have great experiences when interacting with the City.

Goal 1.2
Facilitate regulatory and policy alignment while advocating for our stakeholders.

KEY OUTCOMES

1. Our various statutory and non-statutory planning documents are aligned.
2. We find creative and innovative ways to move from status quo.
3. We achieve continuous improvement through process efficiency.

Goal 1.3
Be invested in our partner's success, as they are in ours, collectively finding win-win outcomes.

KEY OUTCOMES

1. We have collaboration with neighboring municipalities through the Intermunicipal Collaboration Framework to ensure impactful regional focus and benefits.

2 | Improve stakeholder satisfaction by ensuring clear alignment, understanding and awareness of expected levels of service.

We recognize we have three broad stakeholder groups to consider (City Council, public and employees) and that nurturing understanding can improve relationships and satisfaction. To reduce misconceptions and concerns, we must clearly define (in consultation with City Council) and communicate what stakeholders can and should expect from the City of Medicine Hat as it relates to the provision of City services and operations of City amenities.

Goal 2.1
Clarify and document external service levels based on an understanding of cost/benefit trade-offs and establish criteria to measure success.

KEY OUTCOMES

1. We have documented the various external services provided by operational departments and their corresponding service levels.
2. We have alignment and understanding of service level expectations (and tolerance for deviations) with Council.

Goal 2.2
Communicate the reasons for our actions and ensure appropriate transparency.

KEY OUTCOMES

1. Service levels are clearly communicated to stakeholders through a service catalogue.
2. We have a communication strategy to explain the "why" behind municipal actions.

3 | Ensure financial sustainability through sound planning and oversight.

It is critical that we keep our community viable and continue to make improvements while being cost-effective. We must be mindful of the balance to meet the delivery service needs of today with the asset renewal obligations and opportunities of tomorrow, both for current residents and future generations.

Goal 3.1
Balance the delivery of services with competitive tax and utility charges.

KEY OUTCOMES

1. We have competitive property taxes and utility charges.
2. We have eliminated the municipal budget gap without support from financial reserves.

Goal 3.2
Ensure fiscal capacity and flexibility to meet future obligations and opportunities.

KEY OUTCOMES

1. We have sufficient capital reserves to support funding existing asset renewals and capital growth.
2. We have no net financial deficit.
3. We have an operating plan of COMCO based on the completed report recommendations.

Thank You
