

CAPITAL FINANCIAL UPDATE - DECEMBER 31, 2025

Recommendation

That the March 17, 2026, Financial and Corporate Services report FCS03313, be received for information.

Requested Action	Information only
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals
CONNECTED This unifies our work to achieve our strategic goals.	N/A
City Plan Values	N/A
Corporate Business Plan	Managing the corporation
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> • 2023-2026 Capital Budget • C203D Debt Management Fiscal Policy
Related Council Discussions	<ul style="list-style-type: none"> • December 8, 2025, Financial and Corporate Services report FCS03234, Capital Financial Update - September 30, 2025

Executive Summary

- Administration provides Capital Financial Updates three times a year. Consistent, transparent and timely financial reporting to City Council is part of how Administration manages the corporation responsibly for the community.
- This report provides the December 31, 2025, Capital Financial Update, including updates on significant capital projects, results and projections against the approved 2023-2026 Capital Budget and the City's forecasted debt and debt servicing.
- As of December 31, 2025, of the 88 profiles reported, 82 are within the acceptable tolerance for budget and 81 are within the acceptable tolerance for schedule. When weighted by approved budget, the majority of capital profiles are within an acceptable tolerance for budget (82.2 per cent) and schedule (97.3 per cent).

REPORT

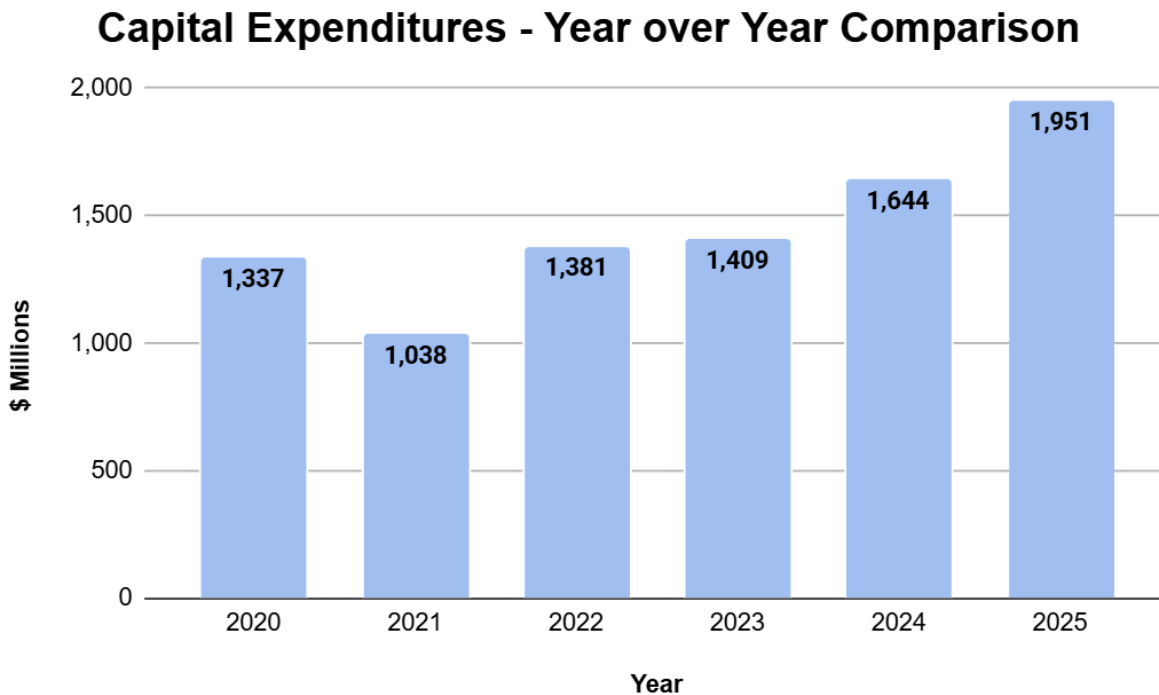
The Capital Financial Update focuses on reporting the financial performance of significant capital profiles against the approved 2023-2026 Capital Budget, and the status of profiles against scheduled completion dates. Significant projects are defined as capital profiles that have expenditures of at least \$20 million within the 2023-2026 Capital Budget cycle, or profiles that are highly strategic, complex, include many affected parties, have major constraints and/or include a high level of risk.

2023-2026 Capital Budget Performance Compared to Budget

The total approved 2023-2026 Capital Budget is \$11.71 billion, which includes \$2.05 billion carry forward from the 2019-2022 Capital Budget and \$2.53 billion in approved capital expenditures for profiles with completion dates beyond 2026. Budgeted expenditures for 2023-2026 total \$9.18 billion.

The 2023-2026 Capital Budget has 240 active profiles (131 standalone profiles and 109 composite profiles). Composite profiles include funding for multiple projects that are similar. For example, Neighbourhood Renewal Program funding is held in a single composite profile. At the completion of preliminary design and where project estimates reach \$10 million for growth and renewal projects, project budgets are removed from the composite profile and standalone profiles are established.

Annual Expenditure Comparison



The 2025 annual expenditures are \$1.95 billion. The significant increase from the previous years can be attributed to spending on large infrastructure projects such as Lewis Farms Community Recreation Centre and Library, Valley Line West LRT: Downtown to Lewis Farms, Capital Line

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South LRT: Century Park to Ellerslie Road, Terwillegar Drive Expressway Upgrade and Yellowhead Trail Freeway Conversion.

Budget Cycle Spend

Budgeted expenditures for 2023-2026 total \$9.18 billion. As of December 31, 2025, three years into the four-year budget cycle, the City spent \$5.01 billion, or 54.5 per cent, of the budgeted capital expenditures in the four-year period. For comparison, planned expenditures for the previous four-year budget cycle from 2019-2022 totalled \$7.27 billion, of which \$3.65 billion, or 50.2 per cent, was spent at December 31, 2021.

Attachment 1 provides the budgeted capital expenditures within and beyond the 2023-2026 period for tax-supported, enterprise and utility operations, as well as the allocation of the capital budget by department.

Capital Project Reporting

Of the 240 active profiles within the 2023-2026 Capital Budget, 88 are considered significant for reporting within the December 31, 2025, Capital Financial Update (55 standalone and 33 composite). These 88 profiles represent 85.9 per cent of the dollar value of the approved capital budget. The previous capital reporting (December 8, 2025, Financial and Corporate Services report FCS03234, Capital Financial Update - September 30, 2025) included 85 profiles considered significant for reporting, which represented 85.5 per cent of the dollar value of the approved capital budget.

Since the September 30, 2025, Capital Financial Update, two profiles were removed:

- Edmonton-Strathcona County Pedestrian Bridge which was open to the public in the summer of 2025.
- Iron Works Building Rehabilitation project was substantially completed in fall of 2025.

Since the September 30, 2025, Capital Financial Update, the following five profiles were added:

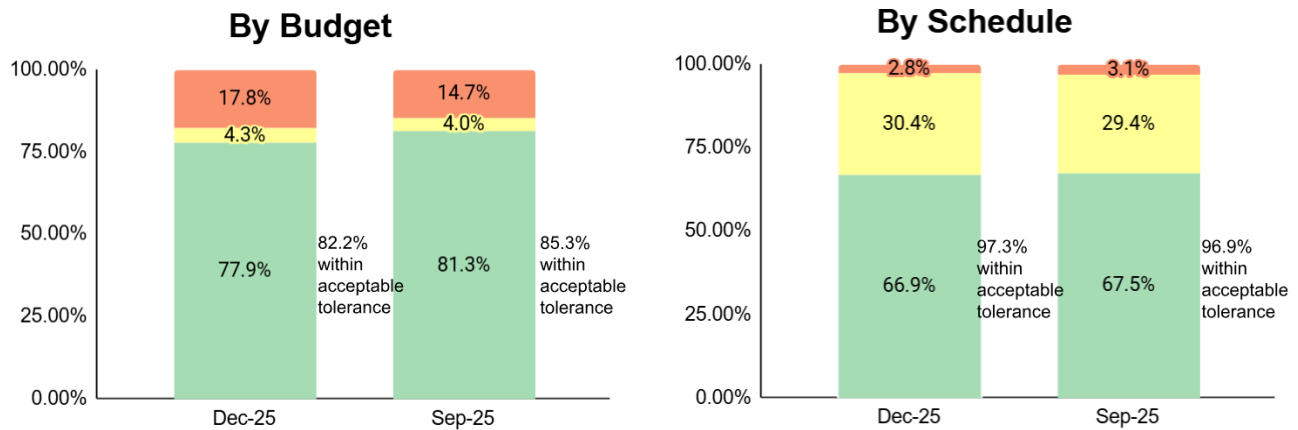
- Walker Fire Station #32 - recently approved project
- Athlone Fire Station #33 - recently approved project
- La Perle Neighbourhood Reconstruction - recently approved project
- Growth Buses - recently approved project
- Facility: Service Delivery - renewal composite - additional budget was transferred to this composite increasing the budget above the \$20 million reporting threshold.

Capital Profile Performance

Green status indicates the capital profile is currently projected to be on time or on budget. Yellow status reflects between zero per cent and 20 per cent projected variance from budget or schedule (30 per cent for profiles in the develop stage), while red status for a significant capital profile is defined as a project with a greater than 20 per cent variance from budget or schedule (30 per cent for profiles in the develop stage). Attachment 2 provides additional details on these definitions.

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The majority of capital profiles, weighted by approved budget, are within an acceptable tolerance for budget (82.2 per cent) and schedule (97.3 per cent). Profiles within the green or yellow status are considered to be within an acceptable tolerance. As of December 31, 2025, of the 88 profiles reported, 82 are within the acceptable tolerance for budget and 81 are within the acceptable tolerance for schedule. The following charts present the budget and schedule status of significant capital profiles, weighted by the approved budget of the profile. Budget includes total budget by profile regardless of the year of expenditure.



*Project status in the charts above are presented with green status on the bottom, yellow in the middle, and red at the top. The status charts are weighted by the profile's approved budget.

The red status for budget is made up of Capital Line South LRT: Century Park to Ellerslie Road , LRV Replacements, Enterprise Systems Transformation Program, Imagine Jasper Avenue (114 Street to 124 Street) and Heritage Valley Land Development (0.3 per cent budget). The red status for schedule is made up of Enterprise Systems Transformation Program, Transit Smart Fare System (Arc), Downtown District Energy Initiative, Imagine Jasper Avenue (114 Street to 124 Street).

Details on significant capital projects, including those noted above, are in Attachment 2¹.

Economic Risks

Developments in the economy are considered risks to the financial performance of capital projects when they impact costs. According to Statistics Canada, declining residential building starts across most of Canada in Q4 2025 moderated price pressures, though labour shortages and elevated wages continued to place further upward pressure on construction costs nationally, particularly in the skilled trades. Builders also reported challenges in sourcing suitable substitute materials for certain product groups resulting in acute price pressures. In Q4 2025, annualized building construction price inflation² in the Edmonton census metropolitan area (CMA) moderated for both residential and non-residential buildings. Annualized residential building construction price inflation was 3.4 per cent in Q4 2025 compared to 4.9 per cent in Q3, whereas

¹ Additional project information is available at building.edmonton.ca/projects

² As measured by the year-over-year per cent change in Statistics Canada's Building Construction Price Index (Table 18-10-0289-01). Note: data are subject to a one quarter revision period after publication of a given quarter's data.

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for non-residential buildings, price inflation moderated from 4.2 per cent in Q3 to 3.9 per cent in Q4.

Exchange rate volatility is another factor that could induce cost variance, though to varying degrees and depending on the project. Projects that rely on imports, such as plumbing, mechanical and electrical components, are at greater risk of unexpected cost pressures coming from exchange rate volatility. Fleet and information technology projects face moderate to higher risks due to a higher likelihood of procurement originating from the United States, which increases the City's risk exposure to volatility in the United States Dollar (USD) to Canadian Dollar (CAD) exchange rate. According to the Bank of Canada, the USD-CAD exchange rate averaged 1.39 in Q4 2025, an uptick from 1.38 in Q3.³ In Signal49 Research's⁴ January 2026 national outlook, the USD-CAD exchange rate was forecast to average 1.38 in Q1 2026 and 1.37 in Q2 2026. Administration is monitoring the situation closely and will be exploring all available options to work towards mitigating supply chain risks and exposure to exchange rate volatility.

See Attachment 5 of the March 17, 2026, Financial and Corporate Services report FCS03314 - Operating Financial Update - December 31, 2025, for further information on demographic trends, developments in the Edmonton CMA labour market and price inflation and Edmonton housing and residential building construction.

Debt Update

Under City Policy - C203D Debt Management Fiscal Policy, tax-supported debt servicing is limited to 18 per cent of tax-supported net operating expenditures. Tax-supported debt servicing can exceed the 18 per cent limit for the following reasons:

- to provide matching City funding required to leverage external funds, where the external amounts fund at minimum one-third of total project costs,
- where the debt is self-supporting tax guaranteed debt, or
- where the tax-supported debt is required for emergency purposes.

Total debt servicing, which includes self-liquidating debt in addition to tax-supported debt, is allowed up to 21 per cent of City revenues. Self-Liquidating debt is issued to fund capital expenditures mainly for the City's utility operations, which are self-funded through utility rates. Debt servicing is permitted up to 26 per cent of City revenues, but only for emergency purposes as defined in Policy C203D.

The City ended the 2025 fiscal year with \$4.6 billion of outstanding debt. This includes total borrowings of \$443 million of tax-supported debt and \$16 million of self-liquidated debt through the Government of Alberta's Treasury Board and Finance throughout the year. With respect to debt servicing limits, the City used 69.3 per cent of its tax-supported debt servicing limit and 54.0 per cent of its total debt servicing limit by the end of 2025.

Attachment 3 provides outstanding debt and debt servicing projections based on currently approved capital projects in comparison to the City's debt servicing limits set in Policy C203D.

³ Bank of Canada. Monthly exchange rates.

⁴ The Conference Board of Canada now operates as Signal49 Research.

Community Insight

The City of Edmonton's budgets are the instruments that allow Council to achieve the goals of ConnectEdmonton and the Big City Moves of The City Plan, and were informed by extensive public engagement. Through various channels (including formal public engagement, community conversations/tables, 311, social media and speakers at Committees of Council), the City of Edmonton listens to the needs, desires and financial realities of Edmontonians as it delivers capital projects on behalf of the community. Administration is committed to providing financial reporting back to Council and residents that demonstrates how the City has delivered on the goals and objectives set out in the budget.

GBA+

As the financial updates provide the quantitative progress of projects and services that each have individual implications for GBA+, additional GBA+ is not completed specifically for financial update reports.

Environment and Climate Review

This report was reviewed for environment and climate risks. Based on the review completed no significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachments

1. Capital Results as of December 31, 2025
2. Significant Capital Project Update as of December 31, 2025
3. Debt Update - December 31, 2025