

2026 Capital Budget Overview

Presented to Council November 24, 2025





Capital Budget Philosophy

Municipal capital is defined as infrastructure used to provide municipal services to residents in Parkland County including roads, utilities, and equipment. Some of the many ways that capital serves Parkland County are depicted below.

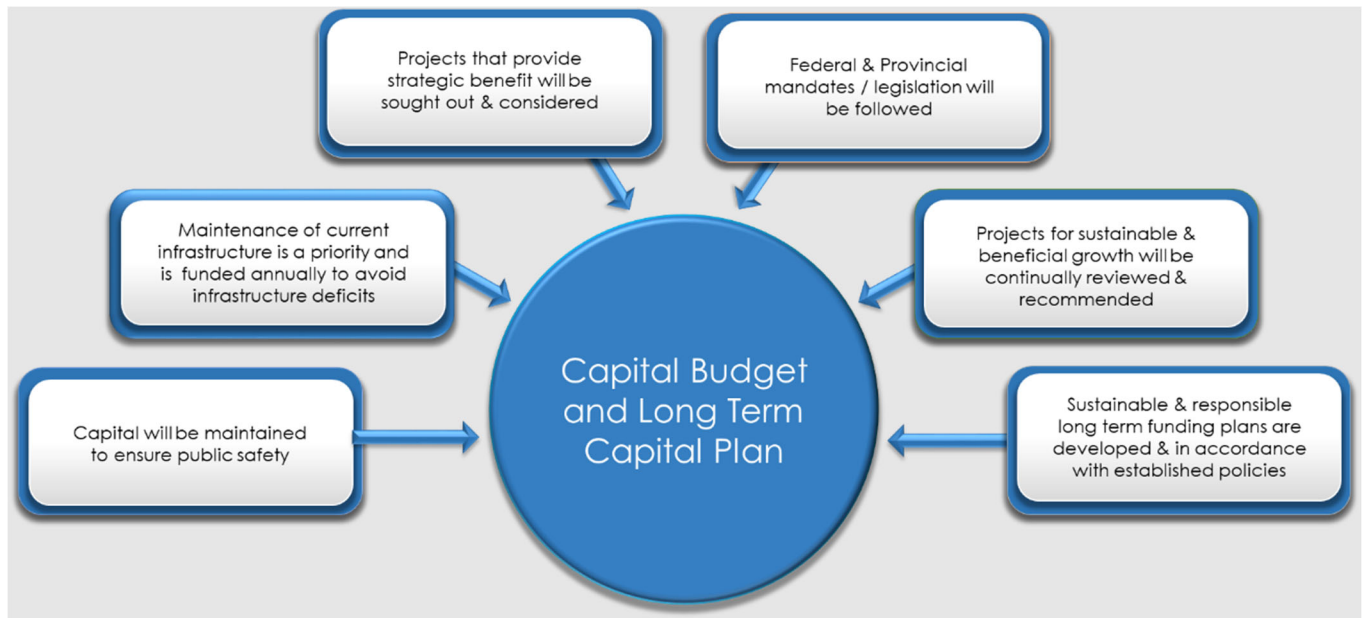


2026 FOCUS

The focus for the 2026 Capital Budget is on the renewal of assets including road rehabilitation and construction, fleet replacement, wastewater infrastructure, and stormwater rehabilitation projects. By making strategic capital investment, the County aims to attract new businesses and to enhance the quality of life of residents.

KEY BUDGET CONCEPTS & GUIDING PRINCIPLES

- The budgeted amount for capital is the planned spend for the fiscal year.
- All carry forward projects are added to the 2026 budget as part of the prior year's year end process.



ALIGNING TO COUNCIL'S STRATEGIC PLAN

Council's strategic plan provides direction to administration. The 2026 Capital Budget has recommended projects that are in alignment with Council's strategic pillars and goals. The Capital Budget is developed with long-term planning in mind and considers critical factors such as:

- **Renewal/Preservation** - work on existing infrastructure such as major maintenance that does not increase the service level of the infrastructure
- **Growth Value Add (Service Level)** – new infrastructure or significant upgrade of an existing asset due to population growth
- **Development Growth** - new infrastructure contributed from new development or new infrastructure that will encourage development

CAPITAL BUDGETING PROCESS

The Capital Budget considers and balances all infrastructure pressures including, but not limited to:

- aging infrastructure and functional obsolescence;
- growth;
- safety;
- policy standards;
- strategic issues;
- triple-bottom line sustainability (economic, environment, and social);
- funding constraints;
- legislative requirements; and
- cost effectiveness.



CAPITAL BUDGET PROJECT RANKING

To help determine which projects should be included in the budget, projects are ranked based on the following:

1. Imperative (Must Do)

- Initiatives that cannot be reasonably postponed in order to avoid harmful or otherwise undesirable consequences

2. Essential (Should Do)

- Initiatives that address clearly demonstrated needs or objectives

3. Important (Could Do)

- Initiatives that benefit the community but may be delayed without detrimental effect to basic services

4. Desirable (Other Year)

- Desirable initiatives that are not included within the current year budget because of funding limitations

The intention of the ranking process is to provide the Senior Leadership Team with a basis for prioritizing projects given funding constraints. For 2026, Departments were only asked to submit projects that were imperative or essential due to current economic factors affecting the County.

CAPITAL BUDGET FUNDING SOURCES

The Capital Budget indicates how projects are to be funded. The following funding sources are available:

Restricted Surplus - funding for the County's future capital needs is set aside through appropriate restricted surplus transfers. Use of restricted surplus is planned and is not considered as an alternate funding source. Like debt, restricted surplus helps to avert fluctuating tax rates from capital projects and purchases.

Grant - when funding for infrastructure comes by way of grants, reasonable assurance that the project is eligible for grant funding is required. Grant funds are used prior to municipal funding sources, except in relation to annual programs, which require continued and sustained funding.

Taxation – taxation funding is utilized to support annual programs, projects where other funding sources are not available, or projects not eligible for other funding sources.

Debt - policy has been established to maintain a strong financial position through limiting tax supported debt, effectively, a pay as you go philosophy. Debt financing is not a funding source; instead, it is a financing vehicle that requires scheduled repayment in the future. Debt funding helps to spread out the financial impact of major capital projects.



Capital Purchases

CAPITAL PURCHASES BY CLASS

The table below lists capital expenditures by infrastructure class. This illustrates the classes of infrastructure the County has focused the capital program on for the 2026 budget year. Most of the capital expenditures relate to Fleet, Road Rehabilitation and Wastewater.

Infrastructure Class	Capital Cost
Fleet	6,575,300
Road Rehabilitation	6,195,000
Road Construction - New	2,600,000
Stormwater	2,475,000
Wastewater	2,125,000
County Facilities	1,501,700
Water	1,385,000
Information Technology	931,700
Parks & Recreation	435,000
Equipment	272,400
Total Capital Projects	24,496,100
CAO Emergent Capital	500,000
Total Capital Budget	24,996,100

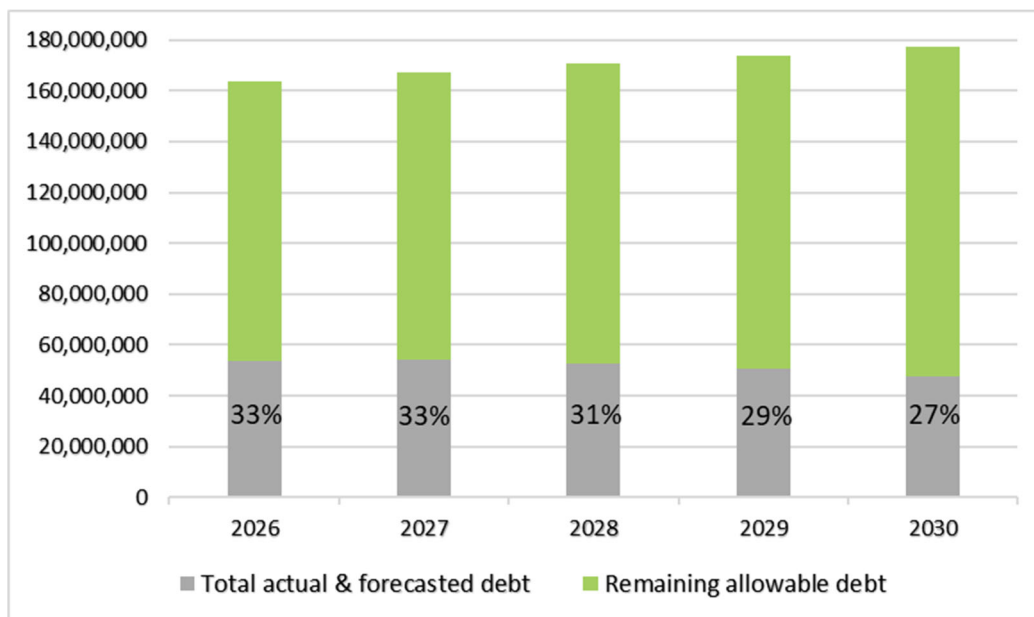


Funding Sources

DEBT

The 2026 Capital Budget contains utility and user pay supported debt for the Acheson Zone 3 Wastewater Rehabilitation, Entwistle Water Loop West Highway 16 Interchange, and 261 Street Re-Construction. The total new debt in the 2026 budget is \$2.975 million.

The County's debt is illustrated in the next figure. The total debt projected at the end of 2026 is \$53.508 million. Debt servicing costs in 2026 are anticipated to be \$4.784 million.



RESTRICTED SURPLUS

Restricted surplus funds are used by the County to stabilize the tax rate and to reduce reliance on debt borrowing to minimize interest expenses. This is accomplished by proactively setting aside funds for large one-time projects and for replacement of existing capital.

It should be noted that only those operating or capital items dedicated and approved by Council can be funded from restricted surplus. New capital purchases must be funded through general taxation, grant funding, or debt until such time that a corresponding restricted surplus is established unless otherwise recommended by the Senior Leadership Team and approved by Council.

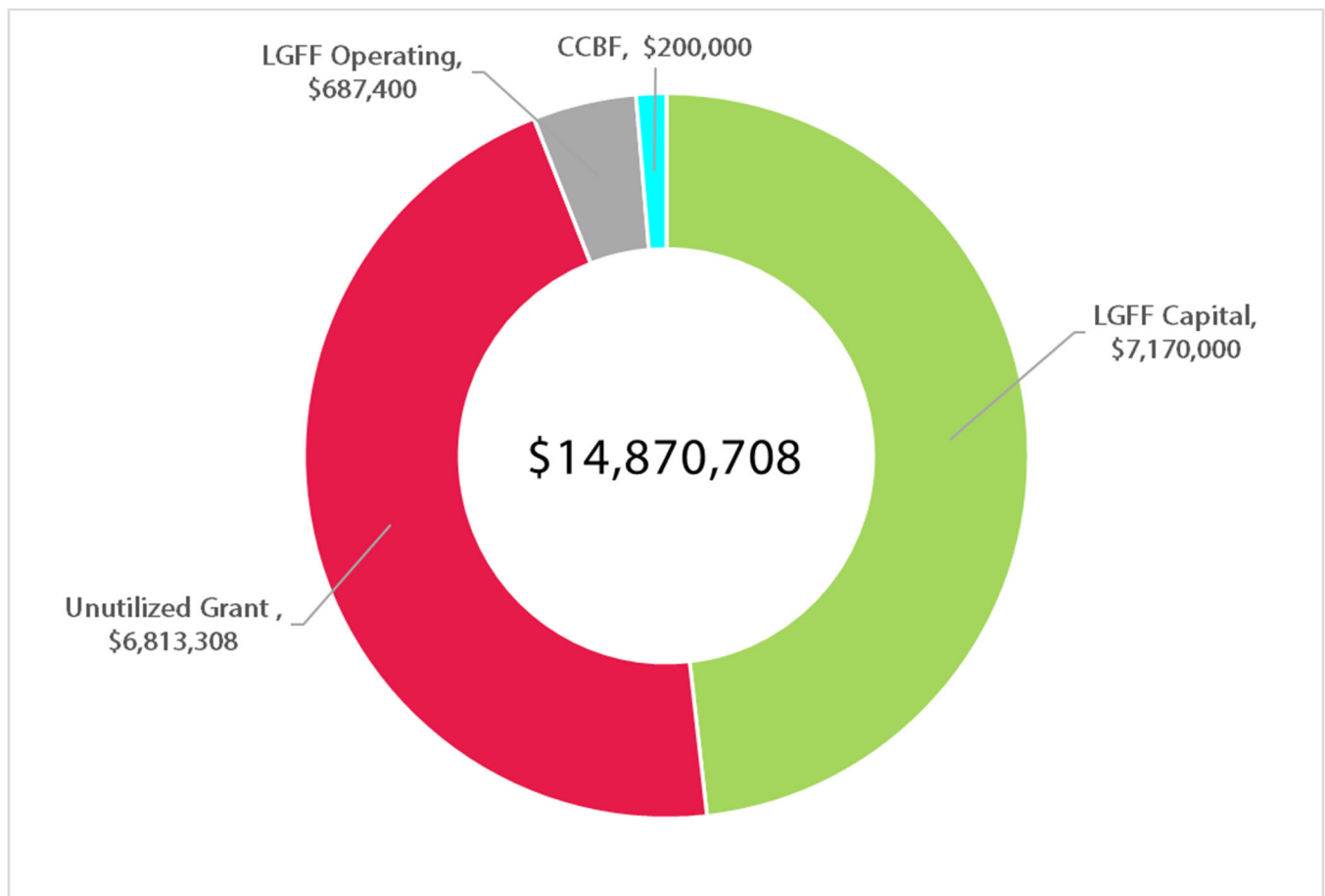
Asset Class	Planned Restricted Surplus	Planned Lifecycle Renewal	Unplanned Restricted Surplus
Wastewater	1,125,000	-	-
CAO Emergent Capital	500,000	-	-
Parks & Recreation	400,000	-	35,000
Water	40,000	-	220,000
County Facilities	10,000	356,700	1,017,000
Fleet	-	6,246,700	-
Information Technology	-	321,700	500,000
Machinery & Equipment	-	163,100	-
Total	2,075,000	7,088,200	1,772,000

ANNUAL GRANT ALLOCATION FUNDING

The predictable, long-term capital grant funding for the County is approximately \$7.96 million per year which includes the Local Government Fiscal Framework (LGFF) and Capital and Canada Community-Building Fund (CCBF). In 2026, the capital grant expenditure for these two funding sources is budgeted at \$8.06 million.

The chart below includes all LGFF and CCBF operating and capital grant funding available to the County in 2026 including unused grant funding from prior years. It details the use of these funds including amounts allocated for specific purposes in the 2026 Budget as well as unutilized amounts to be used in future years.

The County ensures that grant funding is continually applied in a sustainable manner throughout the budget process. The County strives to use a healthy ratio of taxation, grants, restricted surplus, and debt for projects as it does not want to be reliant on grants that may not be available in the future. During the grant allocation process, the County considers projects planned for future years as it may want to carryforward allocations to a year that has a more significant number of projects that could utilize the grant.

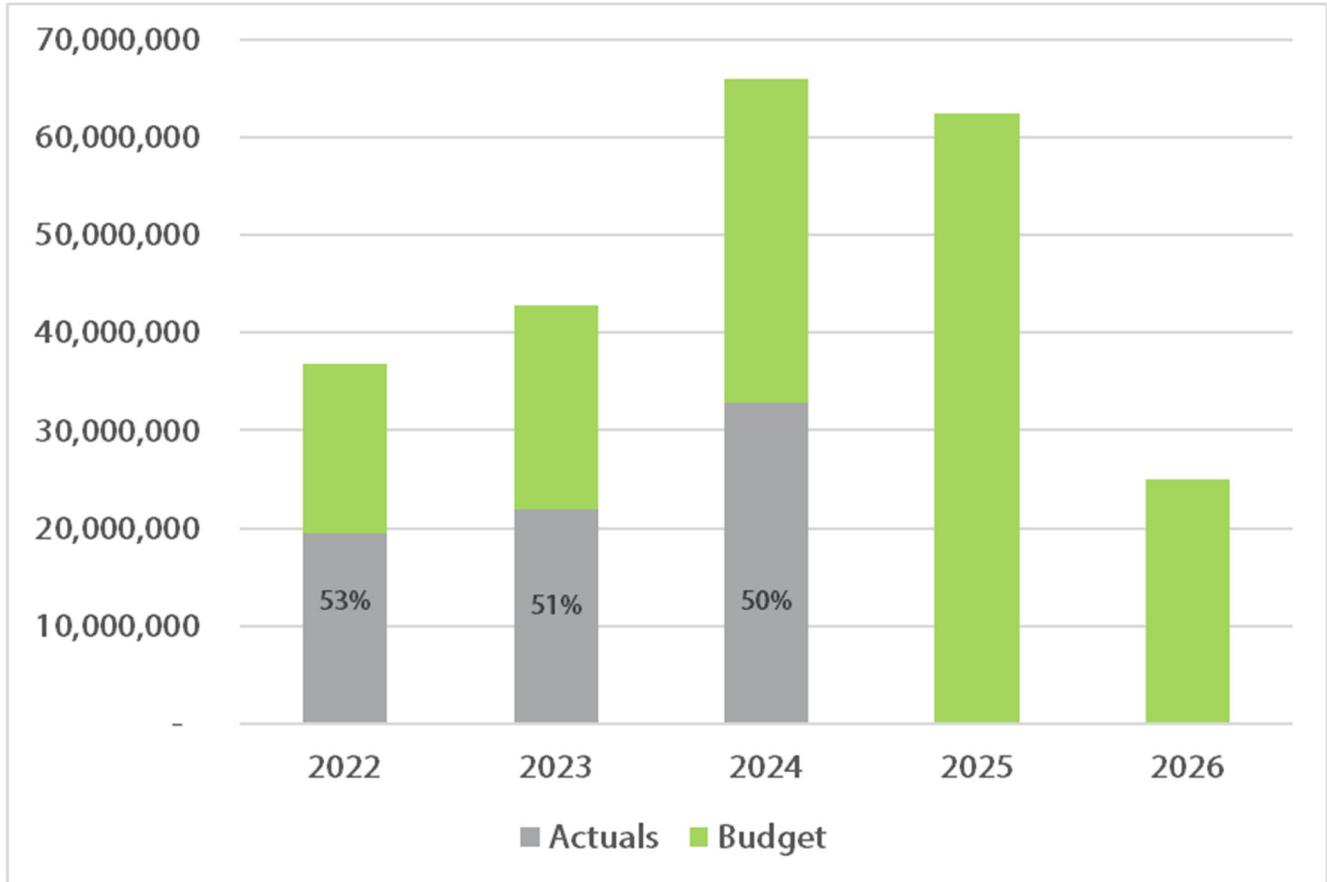




Sustainable Capital Spending

CAPITAL BUDGET VERSUS ACTUAL

This figure illustrates the alignment of actual capital spend to annual budget since 2022.



Note: Figures include carryforward budgets and exclude developer contributed assets

In recent years, unforeseen regulatory requirements, equipment delivery timing, and extreme events have resulted in capital project budgets being underspent. Significant unspent amounts are often included in the year end carryforward requests and approved for the continuation of the project in the subsequent year. A key observation from the above illustrations is that the County should continue to re-evaluate capacity.

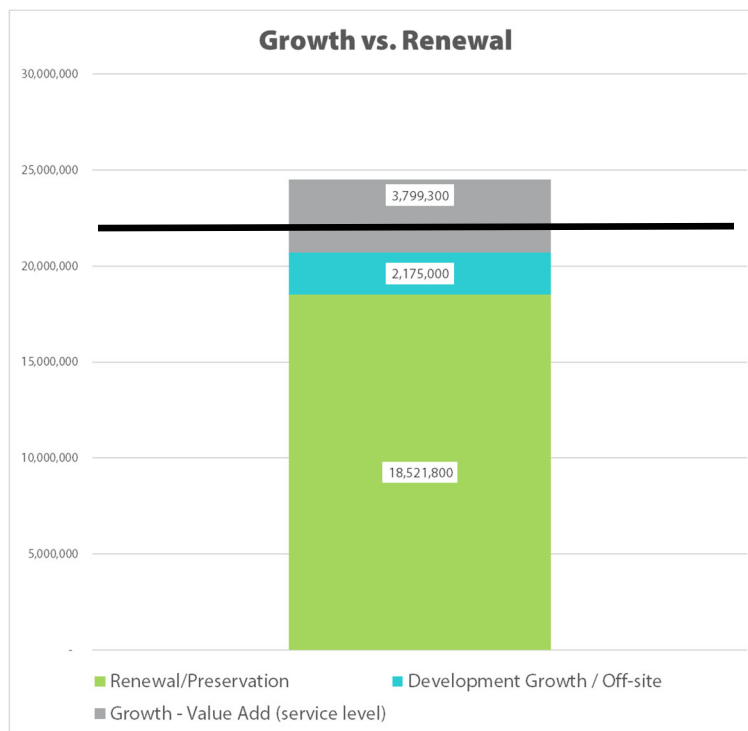
GROWTH VERSUS RENEWAL/MAINTENANCE

Renewal/preservation refers to work on existing infrastructure that maintains current functionality without increasing its service level. This includes repairs, replacements, or upgrades that do not expand capacity or performance.

Growth projects are split into two categories: development growth involves new infrastructure driven by or intended to stimulate development. This includes assets contributed by developers or built to support future growth. Growth value add (service level) includes new infrastructure or major upgrades to existing assets that enhance the level of service provided. Service level growth is prioritized over development growth because it is essential to maintain existing service levels for current residents, ensuring that infrastructure keeps pace with demand and quality expectations.

In order to ensure a sustainable asset management program, Parkland County's annual capital spending level should be above renewal/preservation. In 2026, there are initiatives which are considered service level growth including: Sundance Road West of TransAlta Sundance Plant, Entwistle Water Loop West Highway 16 Interchange and Trail Development.

Only growth projects deemed "imperative" or "essential" have been included in the 2026 Capital Budget. The graphic below illustrates how the County is prioritizing funds between growth and renewal projects.



— Represents the sustainable capital spending level of \$23.22 million for 2026

This illustration excludes CAO Emergent Capital and Developer Contributed Assets

SUSTAINABLE SPENDING CALCULATION

Sustainable spending practices are essential to the long-term viability of any organization including governments. The figure below is a snapshot of the sustainability of the 2026 Capital Budget.

Sustainability is defined as “the ability to be maintained at a certain rate” or perhaps more appropriately “the avoidance of depletion.” For Parkland County’s purposes, the sustainability of the 2026 Capital Budget has been calculated at \$23.22 million based on consistent sources of funding including grant allocations, our planned spending, sustainable debt, and taxation. The remaining capital spend of \$1.77 million is considered unsustainable. The unsustainable portion includes restricted surplus utilized to fund a project not in the existing long term capital plan.

