THE CITY OF Red Deer

BACKGROUNDER Q&A

2027 Capital Budget
September 24, 2026

Background
On October 13 Council will debate the 2027 Capital Budget.

1. **What is the Capital Budget?**
   The Capital Budget outlines proposed investments in the infrastructure and assets that support City services. This includes roads, facilities, parks, trails, technology, fleet assets and other long-term infrastructure.

   The Capital Budget identifies the projects being proposed, when they are expected to occur, and how they are expected to be funded.

2. **Is the Capital Budget approved?**
   No. The proposed 2027 Capital Budget has been released for public review and Council consideration. Council will debate the proposed budget on October 13 before making any final decisions.

3. **What is included in the proposed 2027 Capital Budget?**
   The proposed 2027 Capital Budget includes approximately $80.2 million in investments across:
   - Tax-supported infrastructure and assets: approximately $58.4M
   - Fleet vehicles and equipment: approximately $19.7M
   - Land development activities: approximately $2.1M

   These investments support the renewal, replacement and improvement of infrastructure used throughout the community.

4. **What is the difference between the Capital Budget and the Operating Budget?**
   The Capital Budget funds major infrastructure, facilities, equipment and long-term assets.
   The Operating Budget funds the day-to-day delivery of programs and services, such as recreation programs, transit operations, facility operations and other municipal services.

5. **What types of projects are included in the Capital Budget?**
   Capital projects may include:
   - Road rehabilitation and replacement
   - Stormwater infrastructure improvements
   - Facility renewal and upgrades
   - Fleet vehicle and equipment replacement
   - Technology improvements
   - Growth-related infrastructure projects

6. **Why is so much of the proposed budget focused on existing infrastructure?**
   Approximately 76% of proposed 2027 capital expenditures are directed toward Infrastructure Preservation projects.

   Many City assets were built decades ago and require ongoing maintenance, rehabilitation and replacement to remain safe, reliable and effective. Preserving existing infrastructure helps protect previous investments, extend asset life and reduce future service disruptions and costs.

7. **How are capital projects prioritized?**
   Projects are evaluated using a variety of factors, including:
   - Asset condition
   - Risk and safety considerations
   - Service impacts
   - Growth requirements
   - Legislative requirements
   - Available funding

   Administration uses asset management information, condition assessments, operational needs and long-term planning studies to help identify and prioritize projects.

8. **How is the Capital Budget funded?**
   The City uses several funding sources to support capital projects, including:
   - Provincial and federal grants
   - Reserves
   - Debt financing
   - Investment income
   - Developer and customer contributions

   Whenever possible, grants are used first to help fund infrastructure projects.

9. **Why are there funding pressures in the Capital Budget?**
   Like municipalities across Canada, Red Deer is experiencing:
   - Aging infrastructure
   - Rising construction costs
   - Inflationary pressures
   - Increasing community infrastructure needs
   - Funding sources that have not kept pace with rising infrastructure costs

   These pressures require Council and Administration to make strategic decisions about how available funding is prioritized.

10. **Is the City able to fund every capital project identified in the Capital Plan?**
    No. The Capital Plan identifies more infrastructure needs than can currently be funded with available reserves, grants, debt capacity and other funding sources. Long-term forecasts help Council understand these funding pressures and make informed decisions about infrastructure priorities.

    Projects are prioritized based on factors such as asset condition, risk, service impacts, growth requirements and available funding. As a result, some projects may be phased, deferred or moved to future years as part of the Capital Budget and Capital Plan.

11. **Why does the City borrow money for some capital projects?**
    Debt can be an appropriate funding tool for major infrastructure projects with long service lives.

    Using debt helps spread the cost of long-term assets over time so that future users also contribute to the assets they benefit from.

    Council considers debt levels and affordability when evaluating capital funding options.

12. How can residents review the proposed Capital Budget?
The proposed Capital Budget and supporting materials are available at reddeer.ca/budget. Residents can submit questions or comments to budget@reddeer.ca by October 2.

Questions and comments received by the deadline will be included in the public Council agenda package for the October 13 Capital Budget debate. Personal information will be removed before publication.