

**Subject: 2023 Transit Operating and Capital Budget Q1 Status Report**

**File Number: ACS2023-FSD-FIN-0003**

**Report to Transit Commission on 11 May 2023**

**Submitted on May 2, 2023 by Cyril Rogers, General Manager and Chief Financial Officer (A), Finance and Corporate Services Department**

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**Ward: Citywide**

**Objet : Budgets de fonctionnement et des immobilisations 2023-T1 – Rapport d' étape du Commission du transport en commun**

**Dossier : ACS2023-FSD-FIN-0003**

**Rapport au Commission du transport en commun**

**le 11 mai 2023**

**Soumis le 2 mai 2023 par Cyril Rogers, Directeur général par intérim et chef des finances, Direction générale des finances et des services organisationnels**

**Personne ressource : Isabelle Jasmin, Trésorière municipale adjointe, Finances municipales, Direction générale des services des finances**

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**Quartier : À l'échelle de la ville**

#### **REPORT RECOMMENDATION(S)**

**That the Transit Commission receive the 2023 Q1 Status Report for information.**

#### **RECOMMANDATION(S) DU RAPPORT**

**Que la Commission du transport en commun prenne connaissance du rapport d'étape du premier trimestre de l'année 2023.**

**BACKGROUND**

Quarterly operating and capital status reports are prepared as part of the reporting framework approved by Council. Operating reports present actual year-to-date revenues and expenditures against the amounts budgeted for the corresponding period. Year-end forecasts are presented in the second and third quarter reports. Capital reports provide a listing of:

- Capital projects and programs
- Authorized expenditure budgets
- Actual expenditures and commitments incurred to date
- Remaining amount to be spent

The purpose of this report is to present the March 31, 2023, year-to-date operating and capital results for OC Transpo along with providing an overview of any potential issues or risks that will be monitored during the year and reported in subsequent quarterly reports.

**DISCUSSION**

**First Quarter Year-to-Date Results**

The year-to-date budget figures are prepared on a “calendarized” basis. Departments have allocated their 2023 budgets on a monthly / quarterly basis based, primarily on experience.

The year-to-date results for OC Transpo are reflected in Table 1 followed by a discussion on significant budget variances.

**Table 1 - 2023 Q1 Operating Results (in Thousands of dollars)**

	Expenditures			Revenue			Surplus / (Deficit)		
	Annual Budget	YTD Budget	YTD Actual	Annual Budget	YTD Budget	YTD Actual	YTD Expenditure	YTD Revenue	YTD Net
Net Operating	706,203	161,394	158,525	(330,144)	(57,895)	(57,744)	2,869	(151)	2,718
COVID-19 Impact			7,472	13,712	6,482	13,371	(7,472)	(6,889)	(14,361)
Transit Commission Total	706,203	161,394	165,997	(316,432)	(51,413)	(44,373)	(4,603)	(7,040)	(11,643)

The Q2 Status Report, which includes a forecast for the year, will provide a better indication as to the overall year-end position.

All OC Transpo service areas were asked to review their first quarter results to ensure that their respective spending and revenue results were not indicative of any underlying issues that should be highlighted or addressed at this time. Table 1 provides a summary of the Q1 operating results.

### **Highlights of Q1 results**

The 2023 Q1 operating results shown in Table 1 indicate that:

- Spending on OC Transpo operations was \$2.718 million below budget;
- The \$14.361 million variance in revenue is comprised of:
  - Revenue from customers' fares was \$3.928 million below budget, related mostly to lower than budgeted ridership levels and to customers' fare choices and the demographic makeup of the customers using transit services, both attributed to the continuing effects of the COVID-19 pandemic;
  - The Q1 share of the \$39 million budgeted to be received from senior levels of government, and not yet confirmed, is \$10.433 million

### **Net Operating Surplus**

The surplus of \$2.718 million is mainly attributable to reduced compensation expenditures from current vacancies, lower O-Train Line 1 service maintenance costs due to performance deductions per the agreement with RTM, and lower fuel costs. These savings were partially offset by higher fleet maintenance costs.

### **COVID-19 Deficit**

The Q1 2023 COVID-19 impact deficit is \$14.361 million related to revenue losses stemming from ongoing pandemic impacts. Safe Restart top-up funding of \$7.4 million, identified within the 2022 Year end disposition was applied directly against Transit's operating reserve. The City continues to advocate with the Province for additional SRA funding to cover revenue loss due to lower ridership for 2023 and the funding shortfall for 2023.

### **Q1 Compensation Results**

Document 2 provides compensation information showing the actual salary / benefits and overtime costs incurred by OC Transpo service areas for Q1 versus the full year budget. Overall total actual overall compensation costs for the first quarter were 26 per cent of

the full year 2023 compensation budget which is normal for the Q1 period. Actual overtime costs as a percentage of the annual budget are 46 per cent spent, mainly as a result of vacant positions.

### **Capital Projects / Programs**

Document 3 provides a list of transit capital projects. The list identifies the lead department, ward, financial status (approved budget versus actual results) and anticipated completion date. The total for capital works in progress is \$1,331 million, of which \$708 million is uncommitted to date.

### **FINANCIAL IMPLICATIONS**

The financial implications are outlined throughout the report.

### **LEGAL IMPLICATIONS**

There are no legal impediments to receiving the information in this report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a City-wide report.

### **ADVISORY COMMITTEE(S) COMMENTS**

There are no comments by an advisory committee required for this report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility implications with this report.

### **RISK MANAGEMENT IMPLICATIONS**

There are no risk impediments to implementing the recommendations in this report.

### **TERM OF COUNCIL PRIORITIES**

This report supports the City's on-going commitment to financial sustainability and transparency.

### **SUPPORTING DOCUMENTATION**

Document 1 – 2023 Q1 Operating Results Summary

Document 2 – 2023 Q1 Compensation Summary

Document 3 – Capital Works in Progress

**DISPOSITION**

There are no disposition requirements as this is an administrative report.