

Audit of Zero-Emission Buses

Funding Mechanisms and Agreements (Sprint 3)



Office of the
Auditor General
City of Ottawa



Why we did this audit

The City of Ottawa's Zero Emission Bus (ZEB) Program plans to phase in 450 ZEBs by 2027 and to have a fully electric bus fleet by 2036. The City is seeking funding from a Canada Infrastructure Bank (CIB) loan and an Infrastructure Canada (INFC) grant. The audit assessed the activities undertaken by the City to secure the funding. This included the evaluation of the reasonableness of the estimates and assumptions contained within the CIB loan agreement, identified risks, and the position of the City to meet the contractual obligations going forward.



What we found

While the funding arrangements with CIB and INFC accelerates the ZEB program and reduces costs to the City, there are operational and financial risks to consider. The CIB loan agreement contains many calculations, reporting, and disclosure requirements. The City must establish the processes and mechanisms to meet these requirements before the first planned drawdown on the loan in 2023.

The amount of the INFC grant expected to be received by the City is less than initially anticipated and is estimated to cover fewer ZEBs. Further, the delays in the timing of the INFC funding may result in the next round of 26 ZEBs not achieving the expected in-service

date (December 2023). This funding is required to purchase and install electrical infrastructure to charge the ZEBs. The delay in funding may create challenges in meeting OC Transpo service requirements.



We made four recommendations to ensure that:

- the mechanisms, processes, and systems required to track and report on cost savings and other contractual obligations are put in place prior to the first drawdown on the loan;
- there is adequate knowledge transfer between the external consultant used to support to the negotiations and financial due diligence process and designated City staff; and
- the City complete a contingency analysis to determine the impact of the delayed and reduced INFC funding on fleet requirements in the upcoming years.

For more details on this report please visit our [website](#).

613 580-9602 | OAG@ottawa.ca