

Subject: 2024 Transit Operating and Capital Budget Q1 Status Report

File Number: ACS2024-FCS-FSP-0010

Report to Transit Commission on 13 June 2024

Submitted on June 4, 2024 by Cyril Rogers, General Manager Finance and Corporate Services Department and Chief Financial Officer

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Ward: Citywide

Objet : Budgets de fonctionnement et des immobilisations 2024-T1 – Rapport d'étape de la Commission du transport en commun

Numéro de dossier : ACS-FCS-FSP-0010

Rapport présenté au Commission du transport en commun

Rapport soumis le 13 juin 2024

Soumis le 4 juin 2024 par Cyril Rogers, Directeur général par intérim et chef des finances, Direction générale des finances et des services organisationnels

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Transit Commission receive the 2024 Q1 Status Report for information.

RECOMMANDATION DU RAPPORT

Que la Commission du transport en commun prenne connaissance du rapport d'étape du 1 trimestre de l'année 2024.

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, 2024, 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 2024 budgets on a monthly / quarterly basis, based primarily on experience.

A high-level summary of year-to-date financials for OC Transpo is summarized below in Table 1, followed by a discussion on significant budget variances.

Table 1 – 2024 Q1 Operating Results (in Thousands of dollars)

	Expenditures		Revenue		Surplus / (Deficit)		
	YTD Budget	YTD Actual	YTD Budget	YTD Actual	YTD Expenditure	YTD Revenue	YTD Net
Total	168,341	163,922	(53,950)	(43,253)	4,419	(10,697)	(6,278)

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 reviewed 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. This review confirmed that expenditures are on track and below budgeted levels.

Highlights of Q1 Results

Expenditures are favourable by \$4.4 million, mainly due to the delay in the opening of O-Train Lines 2 and 4, lower debt costs, and lower compensation costs, partly offset by higher maintenance costs and higher insurance claim costs. The lower compensation costs are due to the net results of positions being held vacant to reduce costs, being partially offset by a delay in implementation of the workforce adjustment savings that were part of the administrative process review and approved by Council as part of the 2024 operating budget.

The revenue shortfall of \$10.7 million is primarily due to lower-than-budgeted fare revenue, resulting from lower ridership than expected and from more of the ridership than expected travelling at a discounted fare (\$4.5 million related to ridership), and a reduced requirement for federal gas tax and operating reserve funding due to lower than budgeted debt (\$6.0 million).

In Q1 2024 the O-Train Line 1 performance deduction was \$906,000 which was partially offset by replacement bus costs of \$284,000.

Q2 Compensation Results

Document 2 provides compensation information showing salary, benefit and overtime costs incurred by each of OC Transpo's service areas for Q1 compared to the full year budget. Overall compensation costs in Q1 are 27 per cent of the full year budget, mainly due to some unbudgeted temporary positions, the delay in the implementation of the workforce savings budgeted as part of the administrative process review, with some offsets from vacant positions. Actual overtime costs are 40 per cent of the full year budget, mainly due to vacant positions. Important to note is that these compensation and benefit amounts are not inclusive of recoveries from capital.

Capital Projects / Programs

Document 3 provides a list of active 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 \$1.24 billion, of which \$720 million is unspent or 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)

Not Applicable

ADVISORY COMMITTEE(S) COMMENTS

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

ACCESSIBILITY IMPACTS

Finance and Corporate Services adheres to the requirements of the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations, programs and initiatives. This report is administrative in nature and has no associated accessibility impacts.

ASSET MANAGEMENT IMPLICATIONS

There are no Asset Management Implications with this report

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

There are no Equity Implications with this report.

RISK MANAGEMENT IMPLICATIONS

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

RURAL IMPLICATIONS

There are no rural implications with this report.

TECHNOLOGY IMPLICATIONS

There are no Technology Implications with this report.

TERM OF COUNCIL PRIORITIES

This report supports the City's ongoing commitments to the current Term of Council Priorities of: a city that has affordable housing and is more livable for all; a city that is more connected with reliable, safe and accessible mobility options; a city that is green and resilient; and a city with a diversified and prosperous economy. The report also promotes the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – 2024 Q1 Operating Results Summary

Document 2 – 2024 Q1 Compensation Summary

Document 3 – 2024 Q1 Capital Works in Progress

DISPOSITION

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