

Subject: 2024 Tax and Rate Operating and Capital Budget Q1 Status

File Number: ACS2024-FCS-FSP-0008

Report to Finance and Corporate Services Committee on 4 June 2024

and Council 12 June 2024

**Submitted on May 24, 2024 by Cyril Rogers, Interim General Manager and Chief
Financial Officer, Finance and Corporate Services Department**

**Contact Person: Suzanne Schnob, Manager, Financial Services, Finance and
Corporate Services Department**

613-580-2424 extension 13788, Suzanne.Schnob@ottawa.ca

Ward: Citywide

**Objet : Rapport d'étape du T1 sur le budget 2024 de fonctionnement et des
immobilisations pour les programmes financés par les recettes
fiscales et les redevances**

Numéro de dossier : ACS2024-FCS-FSP-0008

Rapport au Comité des finances et des services organisationnels le 4 juin 2024

et au Conseil le 12 juin 2024

**Soumis le 24 mai 2024 par Cyril Rogers, Directeur général et chef des finances
par intérim, Direction générale des finances et des services organisationnels**

**Personne ressource : Suzanne Schnob, Gestionnaire, Services financiers,
Direction générale des finances et des services organisationnels**

613-580-2424 poste 13788, Suzanne.Schnob@ottawa.ca

Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Finance and Corporate Services Committee recommend that Council:

- 1. Receive this report and documents 1 to 4 for information**
- 2. Approve to increase the Paramedic Service Central Ambulance**

Communication Centre (CACC) base budget for the provision of dispatch services which is 100% funded by the Province.

RECOMMANDATIONS DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil:

- 1. de recevoir ce rapport et les documents 1 à 4 à titre d'information**
- 2. d'approuver l'augmentation du budget de base du Centre de répartition des paramédics d'Ottawa (CRPO) du Service paramédic d'Ottawa pour les services de répartition; budget financé à 100 % par le gouvernement provincial.**

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 quarter report. Capital reports provide a listing of the capital projects / programs, the authorized expenditure budgets, along with the actual expenditures and commitments incurred to date.

The purpose of this report is to present the first quarter operating and capital budget results for City Wide Tax Supported Programs and Rate Supported programs along with providing an overview of any issues or risks that will be monitored during the year and reported in subsequent quarterly reports.

First quarter results for Ottawa Police Services (Financial Status Report- First Quarter 2024), Ottawa Public Library ([OPLB-2024-0502-10.4](#)), Ottawa Public Health (to be presented to the Ottawa Board of Health on June 17, 2024), and Transit Services (to be presented to the Transit Commission on June 13, 2024) are presented in separate reports to their respective Boards and the Transit Commission.

DISCUSSION

First Quarter Year-to-Date Results

The Q2 Status Report will provide a better indication as to the overall year-end position and will include a forecast to the end of the year.

The Q1 year-to-date budget figures are prepared on a “calendarized” basis. Departments have allocated their 2024 budgets on a monthly and quarterly basis established primarily on historic spending patterns. Programs such as winter maintenance and recreational programs (outdoor pools and beaches) have seasonal spending patterns. Other program expenditures or revenues are not seasonal in nature but also may not occur evenly throughout the year. These expenditures are more difficult to allocate to a specific month, or months, so historical spending patterns are used. These types of program costs or revenues may occur at specific periods during the year. For example, a maintenance contract may be expected to be paid by the end of March; therefore, the budget is reflected in March.

A high-level corporate summary of the operating results for each City department, as shown in Document 1, is summarized in Table 1. Table 1 summarizes the Q1 operating results for all Citywide Tax Supported and Rate Supported service areas. Document 1 shows the first quarter's actual expenditures and revenues compared to the budget for the same period. For reference purposes, the annual budget for the department or program area is provided.

Table 1: 2024 Q1 Operating Results (in thousands of dollars)

	1St Quarter		Year-to-Date Net Surplus / (Deficit)
	Net Budget	Net Actual	Total
Tax Supported Programs			
Elected Officials	3,790	3,617	173
Office of the Auditor General	630	533	97
City Clerk & Solicitor	5,048	4,900	148
Rail Construction Program	0	0	0
Community and Social Services	61,586	72,817	(11,231)
Public Works Department	70,603	69,349	1,254
City Manager's Office	5,222	5,224	(3)
Emergency and Protective Services	64,021	63,663	359
Recreation, Cultural and Facility Services	39,237	38,227	1,010
Finance and Corporate Services Department	43,474	43,275	199
Planning, Real Estate & Economic Development	9,870	10,347	(477)

	1St Quarter		Year-to-Date Net Surplus / (Deficit)
	Net Budget	Net Actual	Total
Infrastructure and Water Services Department	2,058	1,683	375
Non-Departmental - All Services	(1,093,405)	(1,103,760)	10,355
Total Tax Supported Programs	(787,865)	(790,125)	2,260
Water	(18,559)	(19,332)	773
Wastewater	(11,042)	(11,296)	255
Stormwater	(18,874)	(19,044)	169
Total Rate Supported Programs	(48,475)	(49,672)	1,197
Total Tax & Rate Supported Programs	(836,341)	(839,797)	3,457

The Q1 year to date tax supported results are mainly driven by a \$4.8 million surplus in Roads Services due to a mild first half of the 2024 winter season, offset with non-winter roads activities and by Traffic Services' ASE program revenue calendarization and non-departmental surplus is mainly due to \$8.5 million higher investment income due to higher investment balances and interest rates and \$1.4 million higher penalty and interest revenues due to higher amount of tax arrears. These main surpluses were offset by Housing Services' \$13 million deficit due to the timing of receipt of the Ontario Shelter Fund revenues to offset these expenditures, which were confirmed after March 31, 2024.

The overall tax and rate supported year-to-date surplus for the first quarter is \$3.457 million.

All departments and 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 needing to be highlighted or addressed at this time. Additional information on specific program areas, where there was a significant variance from budget that should be highlighted, is provided in the next section.

Highlights of Q1 Results

Community and Social Services (CSS) – Deficit of \$11.231 million

The deficit in Community and Social Services is mainly driven by the Housing Services, primarily due to the demand for shelters. The Ontario-Ottawa Shelter Funding, allocation received in April 2024, will offset these expenses.

Public Works (PW) – Surplus of \$1.254 million

The surplus in Roads Services of \$4.8 million is due to lower expenditures in winter maintaining the road, sidewalk and pathway networks. For the period of January to March 2024, the City received near average freezing rain hours, lower than normal snow accumulation of 75 cm, which was 48 per cent lower than the five-year average of 143 cm and higher than average freeze thaw cycles of 44 which was 19 per cent higher than the five-year average of 37.

The surplus of \$1.5 million in Parking Services is due to higher On- and Off-Street Parking revenues and lower maintenance expenses. Any surplus or deficit at year-end will be offset in the Parking Reserve.

Solid Waste Services' surplus of \$1.2 million is due mostly to the earlier receipt of User Fee revenues in comparison to the budgeted calendarization.

The surpluses of \$0.9 million in each of Parks Maintenance and Forestry Services is due to lower contracted services spending in comparison to the budgeted calendarization. This surplus will be fully allocated throughout the remaining of 2024.

The deficit in Traffic Services of \$7.6 million is due mostly to the Automated Speed Enforcement program (ASE). Revenues were lower due to the delayed implementation of the Ottawa Processing Centre (plan for January versus actual go live in February) and the delayed installation of five cameras caused by a service provider's labour interruption.

Emergency and Protective Services (EPS) – Surplus of \$359 thousand

The surplus in EPS is due to vacancies.

Recreation, Cultural and Facility Services (RCFS) – Surplus of \$1.010 million

The RCFS surplus is mainly due to higher than budgeted revenue from arena and short-term rentals and savings due to vacancies.

Planning, Real Estate and Economic Development (PRED) – Deficit of \$477 thousand

The PRED revenue deficit is largely due to volumes lower than expected in Planning Applications and Building Permit fees in the first three months. The Building Code Services deficit was offset by a contribution from the Building Code Services Stabilization Reserve and the Planning Services deficit was offset by departmental staffing shortages and delays and purchased services savings.

Infrastructure and Water Services (IWS) – Surplus of \$375 thousand

The expenditure surplus in IWS is mainly driven by vacancies.

Non-Departmental (ND) - All Services – Surplus of \$10.355 million

Surplus attributed to timing of tax related expenditures and higher than anticipated interest income.

Rate Supported Services – Surplus of \$1.197 million

Drinking water services' surplus of \$773 thousand is due to water usage currently exceeding budgeted assumptions resulting in higher revenues and expenditure savings due to vacancies.

Wastewater services' surplus of \$255 thousand is due to usage currently exceeding budgeted assumptions resulting in higher revenues.

Stormwater services' surplus of \$169 thousand is mainly due to vacancies.

RECOMMENDATION #2: Emergency and Protective Services – Paramedic Service

The Ministry of Health has increased base funding for the Paramedic Service Central Ambulance Communication Centre (CACC) for the provision of dispatch services which is 100 per cent funded by the Province. As per the Ministry of Health letter dated January 30, 2024, additional base funding of \$2,771,533 brings the total funding available under the Agreement for 2023-24 up to \$15,856,799. This funding includes \$1.5 million for 17 FTEs for the Paramedic Service Central Ambulance Communication Centre.

Q1 Compensation Results

Document 2 provides compensation information showing the actual salary / benefits and overtime costs incurred by departments for Q1 versus the full year budget. Overall, the total actual compensation costs for the first quarter were 26 per cent of the full year 2024 compensation budget.

On a corporate basis, actual overtime costs as a percentage of the annual budget are 39 per cent spent. Additional overtime is due to demand for shelters from Housing Services and in Long Term Care for legislated increased hours of care with an occupancy rate of approximately 99 per cent in Community and Social Services, plus seasonal requirements in Public Works.

Capital Projects and Programs

Document 3 provides a list of City tax and rate supported capital projects. The list identifies the lead department, category (renewal, growth, or service enhancements), total approved budget authority, expenditures, and contractual obligations as of March 31, 2024. The total for capital works in progress is \$14.522 billion, of which \$3.326 billion is uncommitted to date. Separate Q1 Status Reports will be provided to the Transit Commission and to the Boards of the Ottawa Police Service, Ottawa Public Library and Ottawa Public Health and will include a status on projects that are under their respective mandates.

Operating Budget Adjustments and Transfers

A summary of the budget adjustments and transfers impacting overall expenditures or revenues made in the first quarter of 2024, either through the delegated authority given to the Chief Financial Officer/Treasurer or through Council-approved reports, is provided in Document 4. The City's Delegation of Authority By-law, Schedule B, Section 7 requires that the transfer of operating funds exceeding \$200,000 be reported to Committee and City Council on a quarterly basis.

FINANCIAL IMPLICATIONS

The financial implications are outlined in the report.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

CONSULTATION

Not applicable.

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.

RISK MANAGEMENT IMPLICATIONS

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

RURAL IMPLICATIONS

There are no rural implications associated 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 – Operating Results Summary March 31, 2024

Document 2 – 2024 Q1 Compensation Summary

Document 3 – 2024 Q1 Capital Works in Progress

Document 4 – 2024 Q1 Operating Budget Adjustments and Transfers

DISPOSITION

Staff will implement the report recommendations as outlined in the report.