

Document 3: Corporate Strategic Risks – Summary Update

As approved by Council within the Enterprise Risk Management Program - Approval of Audit Recommended Actions Report (ACS2023-FCS-BSS-0001), this is the mid-term update to Council on the corporate strategic risks that are currently being tracked.

Document 3: Corporate Strategic Risks – Summary Update

Legend

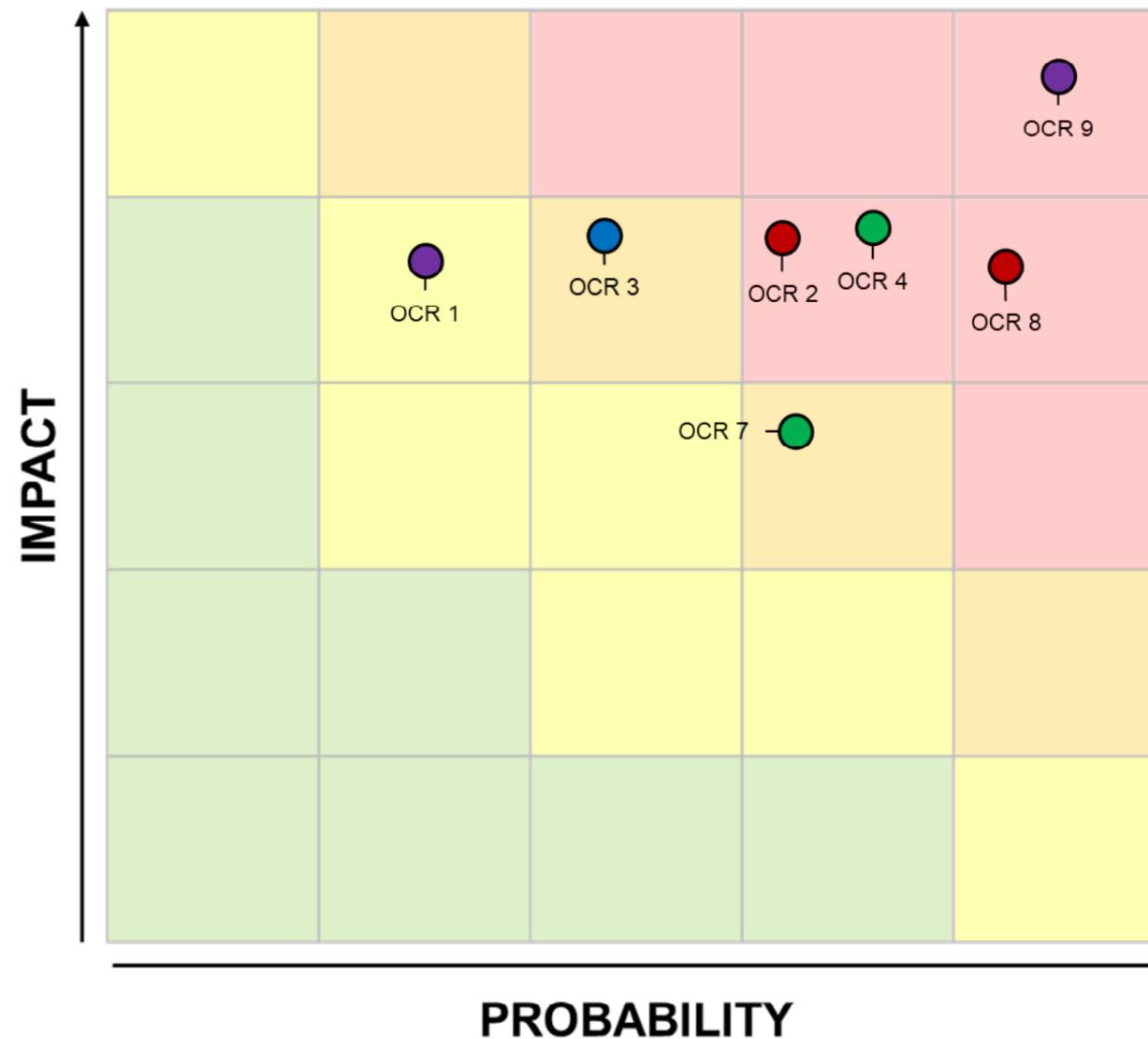
Risk Lead Departments:

CSS - Community and Social Services FCS - Finance and Corporate Services SI - Strategic Initiatives TS - Transit Services

Figure 1 below presents the risk score for each of the corporate strategic risks currently being tracked, as made up by their probability and potential impact.

Figure 1: Heat Map of the City’s Corporate Strategic Risks

Category	Corporate Risks
● Service Delivery risks	OCR1: Risk of not delivering on transit service commitments (TS)
	OCR9: Transit Financial Sustainability (FCS) (New)
● Economical risks	OCR3: Economic impacts on downtown due to hybrid work-model and anticipated reduction in federal spending (SI) (name revised)
● Societal risks	OCR2: Residual economic and societal impacts of the COVID-19 pandemic (CSS)
	OCR8: Increased Homelessness and lack of Affordable Housing (CSS)
● Environmental risks	OCR4: Extreme weather and climate impacts (SI)
	OCR7: Climate change GHG reduction targets; Energy Evolution (SI)



Document 3: Corporate Strategic Risks – Summary Update

Legend

Risk Lead Departments:

CSS - Community and Social Services FCS - Finance and Corporate Services SI - Strategic Initiatives TS - Transit Services

CATEGORY	CORPORATE RISK	RISK DESCRIPTION	RISK LEAD	RISK IMPACT SCORE	RISK PROBABILITY SCORE	OVERALL RISK SCORE	SUMMARY UPDATE
● SERVICE DELIVERY RISKS	OCR1: Risk of not delivering on transit service commitments	Multiple and compounding issues with Light Rail Transit due to various factors resulting in unavailability of services, inability to meet client service expectations, increased cost, legal liability, health and safety risks and reputation of the organization and Ottawa as a capital city.	TS	4	2	8	<p>Due to considerable efforts to mitigate and lower this risk, positive results have been seen with the risk scores declining since 2022. Results are expected to improve further in the coming months given the key mitigation activities, which have included:</p> <ul style="list-style-type: none"> • System Reliability Oversight & Audits: TRA Inc. continues independent reviews, and OC Transpo has strengthened maintenance oversight and contractual accountability. • Staffing & Structure: Dedicated teams for Lines 1/3 and 2/4 are in place, with expanded recruitment and organizational improvements to ensure appropriate resources in place for oversight activities. • Operations & Safety: Enhanced inspections, ongoing audits, and improved monitoring ensure long-term system reliability and transparency. • Customer Communications: Expanded real-time service alerts, new digital displays, and GTFS-RT integration improve customer information, alongside strengthened communication plans, direct customer engagement, and regular updates through Transit Committee and memos—all aimed at rebuilding confidence in the system. • Financial Planning & Accountability: Strengthened oversight mechanisms ensure cost control, performance monitoring, and long-term affordability. <p>These comprehensive mitigations reflect a proactive approach to reducing risk and enhancing service reliability, ultimately fostering greater customer confidence in the O-Train system.</p>
● SERVICE DELIVERY RISKS	OCR9: Transit financial sustainability ¹	Transit has become unaffordable primarily due to the reduction in ridership started brought on by the pandemic and continuing employers' work-from-home policies, an increase in the cost of operating rail, and an increase in construction costs worldwide. The estimated shortfall in	FCS	5	4	20	<p>Ridership is beginning to return to pre-pandemic levels but is still below ridership levels assumed in the Stage 2 LRT business case. To date Transit Services has been managing the annual operating budget deficits with route reductions, operating efficiencies, FTE reductions and deferred capital spending. The current financial model continues to be unsustainable. The Transit Long-Range Financial Plan and revised Transportation Master Plan are expected to identify strategies to make transit services more</p>

¹ New risk identified

Document 3: Corporate Strategic Risks – Summary Update

Legend

Risk Lead Departments:

CSS - Community and Social Services FCS - Finance and Corporate Services SI - Strategic Initiatives TS - Transit Services

CATEGORY	CORPORATE RISK	RISK DESCRIPTION	RISK LEAD	RISK IMPACT SCORE	RISK PROBABILITY SCORE	OVERALL RISK SCORE	SUMMARY UPDATE
		operating costs is \$140 million over the next four years and ongoing. Including the capital funding shortfall, the overall Long-Range Financial Plan is projecting an \$8.6 billion shortfall over the next 25 years.					affordable. Discussions are ongoing with senior levels of government to ensure investments in Ottawa’s LRT are on par with other municipalities in the Greater Toronto Area (GTA).
● ECONOMICAL RISKS	OCR3: Economic impacts on downtown due to hybrid work-model and anticipated reduction in federal spending ²	There is an economic risk to the local economy. The post-pandemic hybrid work model adopted by the public service has disproportionately impacted the downtown economy through reduced foot traffic, office occupancy and transit ridership and prompted an aggressive federal government property disposal program. As the federal government modernizes its workforce and work practices and as significant portions of the commercial office space are divested the impacts of this risk is likely to increase.	SI	4	3	12	<p>The probability and impact scores of this risk are trending upwards due to the changing risk drivers while the downtown economic risk mitigations remain on track (Talent Plan, Downtown Revitalization, and Economic Diversification). To mitigate tariffs from the United States, the Economic Development team supports the mayor’s economic council, by encouraging the “Shop Local, Buy Canadian” campaign and by providing resources such as the Tariff Economic Toolkit and council communications on Ottawa.ca.</p> <p>Over the first half of this Term of Council and since 2022, four risk mitigations have been completed. These mitigations were focused on reducing pandemic impacts on businesses. Actions focused on support for Ottawa’s hardest-hit sectors and those that were left behind as well as a Labour Market Assessment to inform a Talent Plan. Impacts of reduced foot traffic from permanent hybrid-work arrangements continue to be felt around the downtown core. There are additional pressures and economic uncertainty due to a potential federal election, the potential impacts of a reduced federal public service, and the disposal of federal real estate. These risk factors enforce the need to diversify the local economy and revitalize downtown, by working to reduce reliance on the federal government as the city’s primary economic driver.</p> <p>Ongoing mitigations focus on leveraging the expertise of internal and external partners for a coordinated response that will attract and retain a skilled workforce, identify and attract adjacent industries, and implement actions identified in the City’s Economic Development Strategy and Action Plan, Talent Plan, Downtown Revitalization and</p>

² Risk name revised. Risk was originally named “Post-pandemic economic impacts”

Document 3: Corporate Strategic Risks – Summary Update

Legend

Risk Lead Departments:

CSS - Community and Social Services FCS - Finance and Corporate Services SI - Strategic Initiatives TS - Transit Services

CATEGORY	CORPORATE RISK	RISK DESCRIPTION	RISK LEAD	RISK IMPACT SCORE	RISK PROBABILITY SCORE	OVERALL RISK SCORE	SUMMARY UPDATE
							economic diversification mitigations. These actions are focused on collaborating to create a diverse and vibrant local economy.
● SOCIETAL RISKS	OCR2: Residual economic and societal impacts of the COVID-19 pandemic ³	The COVID-19 pandemic worsened community inequities and strained social services. Agencies such as health centers and food programs face higher demand and costs, struggling to meet residents' needs. There is a risk that ongoing social and economic impacts will continue to affect vulnerable groups, and social services may not be able to keep up with demand within current funding limits.	CSS	4	4	16	<p>This risk was updated in 2024 to reflect the post-COVID-19 impacts on the social services sector, specifically the increase in visibility and demand for services being seen across the sector and the impacts on City services, community service providers, and on groups living with inequities within our community.</p> <p>Mitigations are focused on continued advocacy and engagement with other levels of government for increases in funding. Work continues with community partners and internally to uncover further innovation and alignment of service delivery models, interdepartmental collaboration, and increase capacity within the sector to respond to the growing needs of the community. The Community Funding program has a specific focus on poverty reduction, including food security. Progress on mitigations continues to track well in the first half of this Term of Council, with four of the mitigation actions completed and six of them considered on track.</p> <p>The City continues to make progress on various programs and policies that support and help reduce the impacts on groups living with inequities within our community and help further mitigate the risk identified such as Community Funding, Community Safety and Well-Being Plan, Integrated Transition to Housing Strategy, 10-Year Housing and Homelessness Plan, Poverty Reduction Strategy and the Economic Development Strategy and Action Plan.</p>
● SOCIETAL RISKS	OCR8: Increased homelessness and lack of affordable housing	There is a risk that rates of homelessness among families and individuals will continue to increase, which will lead to an inadequate capacity to provide shelter to everyone who wants a shelter bed, particularly for singles. While the City has a number of transitional,	CSS	4	5	20	<p>This risk continues to be scored high, due to sustained pressures in the shelter system, transitional and supportive housing and affordable housing, reflecting the current climate of the housing sector in the City and more broadly across Canada.</p> <p>Demand for placement in both the single and family shelter system continues to rise. At the end of 2024, 1,572 single adult clients were being supported, a 60% increase in the level of demand. Additionally,</p>

³ Risk name revised. Original risk name was "Inequitable effects of the pandemic"

Document 3: Corporate Strategic Risks – Summary Update

Legend

Risk Lead Departments:

CSS - Community and Social Services FCS - Finance and Corporate Services SI - Strategic Initiatives TS - Transit Services

CATEGORY	CORPORATE RISK	RISK DESCRIPTION	RISK LEAD	RISK IMPACT SCORE	RISK PROBABILITY SCORE	OVERALL RISK SCORE	SUMMARY UPDATE
		supportive and affordable housing projects underway, construction costs are rising, and without additional investments from the municipality and increased financial support from other levels of government and, some of the objectives outlined in the 10-Year Housing and Homelessness Plan (2020-2030) are at risk of being unmet.					<p>the October 2024 PiT (Point-in-Time) Count shows approximately 550 individuals living unsheltered and in encampments.</p> <p>Mitigations are focused on creating capacity at singles and family shelters across the City, increasing affordable and supportive housing options through new strategies of the 10-Year Housing and Homelessness Plan, continued advocacy for funding and a focus on fiscal management through the Long-Range Financial Plan, interdepartmental and sector coordination and the implementation of additional affordable housing polices.</p> <p>The City continues to make progress on the 10-Year Housing and Homelessness Plan and the Integrated Transition to Housing Strategy to increase supply within the sector and create capacity to provide shelter and other housing options to everyone who needs them.</p>
● ENVIRONMENTAL RISKS	OCR4: Extreme weather and climate impacts	Local climate projections indicate that temperatures and precipitation will increase over the coming decades and that there will be an increase in extreme weather events such as tornadoes, flooding and ice storms. The City's Climate Vulnerability and Risk Assessment identified 40 top risks that affect City services and the community. These risks include impacts on infrastructure, public health and well-being, the natural environment and the economy.	SI	4	4	16	<p>The risk score is trending downwards due to preliminary mitigation steps being taken and building City capacity. The draft Climate Resiliency Strategy implementation plan was released for public consultation and the final strategy and implementation plan is targeting Q3 2025. Early actions to address climate risks include extreme weather preparedness for both the City and community, back-up generators for facilities and fire stations, public education and outreach, and tree planting.</p> <p>The draft Climate Resiliency Strategy is based on industry best practices, evidence-based research, extensive internal engagement, targeted stakeholder engagement, and public input. Climate risks are also being integrated into Asset Management Plans and Master Plans, such as the Infrastructure Master Plan, Water Purification Plants, Robert O. Pickard Environmental Centre (ROPEC) and Transportation Master Plan.</p> <p>Mitigating climate impacts will require additional short- and long-term funding, greater capacity, and clear direction to prioritize. Climate needs are being considered in the 2025 LRFPs, building on needs identified through the Asset Management Plans and Master</p>

Document 3: Corporate Strategic Risks – Summary Update

Legend

Risk Lead Departments:

CSS - Community and Social Services FCS - Finance and Corporate Services SI - Strategic Initiatives TS - Transit Services

CATEGORY	CORPORATE RISK	RISK DESCRIPTION	RISK LEAD	RISK IMPACT SCORE	RISK PROBABILITY SCORE	OVERALL RISK SCORE	SUMMARY UPDATE
							Plans. Since Q2 2024, four successful adaptation funding applications have been submitted (three to the Federation of Canadian Municipalities (FCM) and one to Health Canada), with one additional application under consideration and other opportunities being monitored. Resiliency elements have been added to infrastructure applications. The response to the 2024 Audit of the Climate Change Master Plan will include clarifying accountabilities and priorities for both climate mitigation and adaptation.
● ENVIRONMENTAL RISKS	OCR7: Climate change GHG reduction targets; Energy Evolution	Falling short of meeting Climate Change Master Plan corporate and community greenhouse gas emission (GHG) reduction targets. The City has very ambitious climate objectives that cannot be achieved by the City alone.	SI	3	4	12	<p>The City continues to track well towards its 2025 corporate emission targets, while community greenhouse gas emissions (GHG) reduction targets are off track. The results of the 2020-2023 corporate and community emissions, along with Ottawa's progress towards its GHG reduction targets, will be released in Q3 2025.</p> <p>Progress continues across the organization to mitigate this risk by advancing corporate related GHG reduction initiatives which will be reflected in future inventory years. Examples of ongoing projects include LRT east and west extensions, the Zero Emission Bus (ZEB) program, the Green Fleet Strategy, on going building retrofits, rooftop solar projects and the implementation of the Solid Waste Master Plan (SWMP). Progress has also been made on embedding emissions reduction actions, targets and key metrics in Master Plans, Asset Management Plans and Long-Range Financial Plans (LRFPs).</p> <p>Meeting community emission reduction targets requires policy changes from federal and provincial levels of government, as well as action from external industry partners and the broader community. The City continues to support community emission reductions through key programs, such as Better Buildings Ottawa, which secured \$900k in funding through Hydro Ottawa to deliver elements of the program through March 2027. The City has also disbursed approximately \$9M in home energy retrofit loans to homeowners in the 2022-2024 period through the Better Homes Loan program. Both these programs are externally funded.</p>