

**Report to / Rapport au:**

**OTTAWA POLICE SERVICE BOARD  
LA COMMISSION DE SERVICE DE POLICE D'OTTAWA**

**5 December 2025 / 5 décembre 2025**

**Submitted by / Soumis par:**

**Chief of Police, Ottawa Police Service / Chef de police, Service de police d'Ottawa**

**Contact Person / Personne ressource:**

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**SUBJECT: FINANCIAL STATUS REPORT – THIRD QUARTER 2025**

**OBJET: RAPPORT D'ÉTAPE FINANCIER DU TROISIÈME TRIMESTRE 2025**

**REPORT RECOMMENDATIONS**

**That the Ottawa Police Service Board receive this report for information.**

**RECOMMANDATIONS DU RAPPORT**

**Que la Commission de service de police d'Ottawa prenne connaissance du présent rapport à titre d'information.**

**BACKGROUND**

Ottawa Police Service Board (the Board) Policy CR-2 Financial Planning and Operations provides direction regarding monitoring and reporting on the organizations finances. The policy requires that the Chief of Police submit quarterly reports to the Board on the organizations finances, which include a projected year-end position.

In following that policy, this quarterly financial report summarizes the current financial position of the Ottawa Police Service (OPS), outlines the operational issues affecting the OPS' finances and presents the projected year-end financial position for the organization. This report also presents the third quarter projection of the Service's year-end financial position, outlines the significant variances that are known at this time, and identifies solutions. The accuracy of projections in this report improves with each quarter, as the OPS' expense and revenue patterns become more certain.

## **Collective Agreement Settlement**

The collective agreements for the Ottawa Police Association (OPA) and the Senior Officers' Association (SOA) were both negotiated freely between the Board and the respective unions with agreements being finalized during the first half of 2025. The 2025 budget that was approved in 2024 included a reasonable provision for the collective agreement negotiations, but the contractual obligations for the salary and benefit costs for members exceed the budgeted baseline amount included in the 2025 budget. As a result, given the funding provided was less than the contract settlement, OPS is forecasting a funding deficit for 2025. OPS will be seeking funding increases in the 2026 budget to alleviate the collective agreement budget shortfall.

## **DISCUSSION**

OPS is forecasting a \$19.3 million operating deficit for 2025 (5% of operating base budget \$389 million), primarily due to overtime, event policing, and collective agreement pressures. While cost-containment measures are stabilizing the forecast, they have not reduced the overall deficit. Due to this forecasted deficit, OPS imposed a discretionary spending freeze in June, implemented safeguards to preserve vacancy savings along with other proactive measures to mitigate further financial strain. Due to staffing stabilization efforts, OPS no longer has access to large vacancy savings to leverage in offsetting budget pressures. While Federal funding through Public Safety Canada is providing a solution to much of the pressure created by events and demonstrations that fall within the scope of the National Capital Extraordinary Policing Costs program, the baseline shortfall for the contractual obligations of the collective agreement and overtime remain the key contributors to the anticipated year-end deficit.

The key takeaways to highlight for Q3 are as follows:

- The only material change from Q2 to Q3 is the inclusion of the \$2.9 million funding shortfall from Public Safety Canada, increasing the forecasted operating budget deficit to \$19.3 million. Costs submitted are eligible for reimbursement as per the agreement with Public Safety Canada, however, the process to secure funding for these continues.
- Evidence indicates that the discretionary spending freeze is having the intended effect of containing OPS's forecasted operating budget pressure, but it has not translated into a material reduction in the forecasted year end pressure.
- For the remaining months of the 2025 fiscal year, OPS will continue to restrain discretionary spending.

OPS has experienced an increase in funding pressures in the past few years. The annual pressures being encountered used to be in the \$10 million range, and now they are in the \$20 million range. The funding received has not met the commitments OPS has (i.e. new collective agreement), leading to funding pressures accumulating over time. This trend is continuing in 2025 as OPS is forecasting a total pressure of \$26.5 million.

OPS has identified several pressures and potential solutions in the third quarter report as outlined in Table 1, followed by corresponding notes.

<b>Table 1: 2025 Year End – Significant Variances</b>		
	<b>Key Pressures</b>	<b>Amount</b>
a)	Overtime	\$10,000,000
b)	Events and Demonstrations	\$8,500,000
c)	Collective Agreement Settlement	\$7,500,000
d)	Revenue Shortfall	\$500,000
	<b>Total Pressures</b>	<b>\$26,500,000</b>
<b>Key Solutions/Offsets</b>		
e)	Federal Funding	\$5,600,000
f)	Revenue & Recoveries	\$1,600,000
	<b>Total Solutions</b>	<b>\$7,200,000</b>
	<b>Surplus/(Deficit)</b>	<b>(\$19,300,000)</b>

## **PRESSURES**

### **a) \$10M Overtime Pressures**

Members continue to work a significant amount of overtime to meet the needs of the organization and the community, most notably maintaining minimum staffing levels on the frontline. Other sections with high non-recoverable overtime costs creating a pressure on current results include:

1. Court Security (\$2.2M) – the section has experienced a high volume of high-risk security cases that require additional members on overtime.
2. Communications Centre (\$1.9M) - the section consistently incurs overtime due to staffing shortages to ensure adequate shift coverage.
3. Intimate Partner Violence Unit (\$0.6M) – the section has incurred high overtime due to vacancies in the unit and an increased volume of work.

### **b) \$8.5M Events and Demonstrations Pressures**

OPS has experienced significant expenditure pressures due to frequent events and demonstrations that have occurred year to date. The continued efforts to implement a robust approach to the planning and deployment of police for these activities incurs significant costs. Surge capacity costs of assisting police services, alongside overtime and non-compensation costs throughout the duration of the events are the primary cost drivers. Some of these significant events and demonstrations include the ongoing demonstrations related to the Middle East conflict, the CANSEC trade show, Canada Day events, and the visit of King Charles and Queen Camilla.

### **c) \$7.5M Collective Agreement Settlement Pressures**

The projected cost pressure from the 2025 Collective Agreement Settlement is estimated at \$7.5 million. This figure includes \$0.5 million pressure related to the year-end leave liability. This pressure is mainly the result of the budget base funding that was approved being 2.85% less than the contract settlement for salary increases for 2025.

### **d) \$0.5M Revenue Shortfall**

The OPS is experiencing revenue shortfalls from the false alarm revenue stream.

## SOLUTIONS/OFFSETS

### e) **\$5.6M Federal Funding**

Supplemental funding will be sought from the Federal Government, through Public Safety Canada, to reimburse OPS for costs incurred from policing large demonstrations that have occurred in 2025 as per the terms of the Nation's Capital Extraordinary Policing Costs Program. This includes a reimbursement for direct expenses and encompasses a component for overhead administrative costs that are associated to these demonstrations. The \$5.6 million net figure reflects the funding shortfall of \$2.9 million from the 2023/24 fiscal year.

### f) **\$1.6M Revenue & Recoveries**

The OPS is experiencing higher than budgeted revenue and recoveries within various accounts as of the third quarter. The significant contributors to this portion of the surplus include:

1. \$0.6M Community Safety and Policing Grant
2. \$0.5M Court Security Provincial Grant
3. \$0.5M Airport Authority Contract

## In Year Financial Risks

OPS manages many financial risks throughout the year of varying levels of magnitude and likelihood. There are certain risks that have a high likelihood of being impactful and creating pressures for OPS in 2025. These risks are being monitored and include:

- Full cost recovery for claims related to events and demonstrations to Public Safety Canada for events from the 2023-24 Program. Federal partners, through the National Capital Extraordinary Policing Costs program, have accepted the supplemental funding request of \$4.8 million to cover costs incurred in the 2023-24 fiscal year. OPS submitted costs totaling \$7.8 million but has been unable to fully recover the costs that were submitted to Public Safety Canada for the 2023/2024 fiscal year that has left OPS with a current pressure of \$2.9 million in 2025 that continues to be negotiated for resolution with Public Safety Canada. Similarly, this same risk exists for the 2024-25 and 2025-26 Programs. For the 2024/2025 fiscal year, OPS incurred costs totaling \$8.6 million deploying to events and demonstrations in the Nation's Capital. OPS is requesting that supplemental funding from PS Canada be provided to offset costs of \$5.6 million that exceed the annual cap of \$3 million to avoid these costs being borne by City of Ottawa taxpayers.

- Impact from insurance liability claims and legal settlements due to the uncertainty of the amount and timing of when claims will be processed. As of the end of the third quarter, there are \$7.7 million in outstanding claims.

### **2025 Purchases Made Under Chief's Delegated Authority**

#### CEW's:

Not applicable.

#### Fleet:

1. Upfit of Frontline Vehicles \$527,000

#### South Building:

1. Firestopping and Fireproofing Consultant work \$43,000

### **2025 Purchases Made Under Special Circumstances Clause**

OPS continues to experience challenges when deploying for major events. Procuring goods and services and obtaining surge capacity support from partner agencies must occur quickly and does not allow time to seek Board approval. In addition, ongoing supply chain issues, resulting in long lead times for essential safety equipment and operational infrastructure, may require the Chief to act immediately.

There are instances where seeking Board approval would not be conducive to ensure timely delivery of essential goods and services required for operational needs or officer safety purposes.

The Financial Accountability Procedures (FAP) Manual allows for such procurement when special circumstances exist, in the opinion of the Chief of Police, as per section 3.2.4.8 of the FAP Manual.

In Q3 2025, this clause was required for the rental of digging equipment for a landfill search. This is highlighted and discussed further in Document 2.

### **Grant Update**

The quarterly grant update provides a summary regarding the receipt of grant funds from the various levels of government as well as any applicable updates on grants that OPS has applied for. This information is detailed in Document 4.

### **Quarterly Reporting Requirements**

Section 2(e) of the Board's Policy BC-2 on Monitoring Requirements requires the Chief to provide the Board with information on specific operational issues.

With respect to financial reporting, these requirements include:

- **Document 1:** the Third Quarter Financial Report – Summary by Directorate. Half of the \$31.5 million deficit figure is due to timing differences of revenue not received yet and prepaid expenses, which won't represent a deficit at year end. The other significant pressure for OPS are the collective agreement settlements and overtime costs, which are forecasted to be a pressure throughout the remainder of the year based on present trends. Most of OPS' revenues have returned to a relatively stable level as of Q3 2025.
- **Document 2:** a list of all contracts awarded under delegated authority by the Chief that exceed \$25,000 during the third quarter of 2025. In total, \$4.9 million in purchase orders were issued under delegated authority in the third quarter. The breakdown of these purchase orders is shown in Table 2 on a category-by-category basis.

Expenditure definitions are included in Document 2 for reference.

<b>Table 2</b>		
<b>Summary by Type</b>		
<b>Contracts Awarded Under Delegated Authority</b>		
<b>Type</b>	<b>Amount</b>	<b>%</b>
Information & Technology	\$3,311,377	67%
Fleet & Equipment	\$818,849	16%
Facilities & Construction	\$505,895	10%
Professional Services	\$199,221	4%
Consulting Services	\$110,008	2%
Goods & Supplies	\$35,928	1%
Total	\$4,981,277	

- **Document 3:** a summary of OPS' capital budget works in progress and an indication of those accounts that will be closed in accordance with Section 3.1.3.4 of the Financial Accountability Procedures Manual. This section of the manual enables the Chief Financial Officer, or their designate, to close capital projects by returning any remaining balance to the originating sources and funding any deficits.

## **FINANCIAL IMPLICATIONS**

As outlined in the report.

## **SUPPORTING DOCUMENTATION**

Document 1: Third Quarter Financial Report – Summary by Directorate

Document 2: Purchase Orders Issued Under Delegated Authority

Document 3: Capital Budget Works in Progress

Document 4: Quarterly Grant Update

## **CONCLUSION**

This report has highlighted several ongoing issues that will be closely monitored throughout the remainder of 2025.

The settlement of the collective agreements presents a significant financial pressure for OPS due to higher wages and enhanced benefits that were higher than the provision that was included in the budget. OPS also continues to experience significant pressures from overtime due to workload demands. To help manage these pressures, OPS imposed a discretionary spending freeze in June, implemented safeguards to preserve vacancy savings along with other proactive measures to mitigate further financial strain. OPS is forecasting the year end variance will be a \$19.3 million negative variance for 2025 at minimum.

The key takeaways for the third quarter are as follows:

- The one material change in OPS' financial position from Q2 to Q3 is the inclusion of the \$2.9 million funding shortfall from Public Safety Canada.
- Evidence indicates that the discretionary spending freeze is having the intended effect of containing OPS's forecasted operating budget deficit.
- OPS will continue to restrain discretionary spending for the remaining months of the 2025 fiscal year.

The year-end financial report will be tabled with the Board at the March 2026 regular meeting.