

**Subject: 2025 Tax, Transit and Rate Supported Programs Operating and
Capital Budget Q2 Status**

File Number: ACS2025-FCS-FSP-0010

**Report to Finance and Corporate Services Committee on 2 September 2025
and Council 10 September 2025**

**Submitted on August 21, 2025 by Svetlana Valkova, Interim Deputy Chief
Financial Officer, Financial Services, Finance and Corporate Services Department**

**Contact Person: Nouny Munelith, Program Manager, Planning and Budgeting,
Finance and Corporate Services Department**

613-580-2424 extension 25877, Nouny.Munelith@ottawa.ca

Ward: Citywide

**Objet : Rapport d'étape du T2 sur le budget 2025 de fonctionnement et des
immobilisations pour les programmes financés par les recettes
fiscales, le transport en commun et les redevances**

Numéro de dossier : ACS2025-FCS-FSP-0010

Rapport présenté au Comité des finances et des services organisationnels

le 2 septembre 2025

et au Conseil le 10 septembre 2025

**Soumis le 21 août 2025 par Svetlana Valkova, Cheffe adjointe des finances,
services financiers par intérim, Direction générale des finances et des services
organisationnels**

**Personne ressource : Nouny Munelith, Gestionnaire de Programme, Planification
et Budgétisation, Direction générale des finances et des services
organisationnels**

613-580-2424 poste 25877, Nouny.Munelith@ottawa.ca

Quartier : À l'échelle de la ville

REPORT RECOMMENDATION

That the Finance and Corporate Services Committee recommend that Council receive the 2025 Q2 Operating and Capital Status and 2025 Year-end Forecast for information as detailed in Documents 1 to 4.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil ce qui suit prendre connaissance des dépenses de fonctionnement et d'immobilisations du T2 et des prévisions de fin d'exercice 2025, exposées dans les documents 1 à 4.

EXECUTIVE SUMMARY

The purpose of this report is to present the June 30, 2025 (Q2) year-to-date operating and capital results for citywide tax-supported programs, transit services (OC Transpo), and rate-supported programs, along with a summary of the 2025 year-end forecasted costs. The Q2 year-to-date results indicate a deficit of \$9.656 million in the tax-supported program areas, a deficit of \$6.621 million in transit services and a surplus of \$8.779 million in the rate-supported programs, resulting in an overall deficit of \$7.497 million in comparison to the Q1 deficit of \$14 million. The continued management commitments and financial mitigation measures, such as the discretionary spending freeze and hiring pause continues to reduce the overall operating deficits.

As part of the Disposition of the 2024 Tax and Rate Supported Operating Surplus/Deficit Report ([ACS2025-FCS-FSP-0003](#)), the City updated its reserve policy to include a one-time mitigation measure of \$36 million (as part of the 2024 surplus) in the Tax Stabilization Reserve to offset the potential risk of a 2025 operating deficit for Transit if funding from senior levels of government is not received. This mitigation strategy was also discussed as part of the 2025 Budget process which identified the 2024 forecasted surplus as a funding source as a funding mitigation strategy if the senior levels of government funding is not received.

The overall citywide tax supported programs, transit services and rate supported programs is forecasting and overall expected deficit of \$37.28 million, which is effectively a balanced budget overall with the exception of the \$36 million Transit funding from senior levels of government. The year-end forecast for the tax-supported programs is a projected deficit of \$2.134 million, a deficit of \$46.646 million for transit services, and a surplus of \$11.5 million for the rate-supported programs.

RÉSUMÉ

Rapport d'étape du T2 sur le budget 2025 de fonctionnement et des immobilisations pour les programmes financés par les recettes fiscales, le transport en commun et les redevances

Le présent rapport a pour objet de présenter les résultats cumulatifs de fonctionnement et d'immobilisations du deuxième trimestre (T2), qui couvrent la période allant du début de l'exercice au 30 juin 2025, au regard des programmes de l'ensemble de la Ville financés par les recettes fiscales, des services de transport en commun (OC Transpo), et des programmes financés par les redevances, ainsi qu'un résumé des prévisions pour la fin de l'exercice. Les résultats du T2 affichent un déficit de 9,656 millions de dollars pour les programmes financés par les recettes fiscales, un déficit de 6,621 millions de dollars pour les services de transport en commun, et un surplus de 8,779 millions de dollars pour les programmes financés par les redevances, ce qui donne un déficit global de 7,497 millions de dollars.

Quant aux prévisions pour la fin de l'exercice, elles comportent un déficit projeté de 2,134 millions de dollars pour les programmes financés par les recettes fiscales et de 46,646 millions de dollars pour les services de transport en commun, ainsi qu'un surplus de 11,5 millions de dollars pour les programmes financés par les redevances. Le déficit total prévu s'élève donc à 37,280 millions de dollars.

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 previously budgeted for in the corresponding period. Year-end forecasts are also presented in the second quarter report. Capital reports provide a listing of the capital projects/programs, the authorized expenditure budgets, actual expenditures, and commitments incurred to date and the remaining amount to be spent.

The Midterm Governance Review ([ACS2025-OCC-GEN-0001](#)) has prompted changes to the City's financial reporting framework. Specifically, the Transit Services' quarterly financial results will no longer be reported and presented to the Transit Committee separately. This change enhances the efficiency and consolidation of the City's financial reporting processes.

The purpose of this report is to present the June 30, 2025 (Q2) year-to-date operating and capital results for citywide tax-supported programs, transit services, and rate-supported programs along with providing a year-end forecast. The second quarter results for the Boards are not included with this report and are presented separately to

their respective Boards. The second quarter results for Ottawa Police Services are anticipated to be reported on September 29 to the Ottawa Police Services Board (Financial Status Report-Second Quarter 2025). The results for Ottawa Public Library will be reported on September 9 to the Ottawa Public Library Board (Second Quarter 2025 Financial Report). The results for Ottawa Public Health will be reported on September 15 to the Board of Health (2025 Operating and Capital Budget Q2 Status Report).

Document 1 provides operating budget details on year-to-date results for the various departments and branches.

Document 2 provides staff compensation information, showing the actual salary, benefit and the overtime costs incurred by departments and branches for the first six months versus the full year budget.

Document 3 provides a detailed listing of the capital works in progress and their status.

Document 4 provides a listing of the operating budget adjustments and intra-departmental transfers processed under delegated authority.

DISCUSSION

Second Quarter Year-to-Date Results

The year-to-date budget figures are prepared on a “calendarized” basis. Departments have allocated their 2025 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 June; therefore, the budget is reflected in June.

The City continues to manage significant financial pressures amid evolving economic conditions and a challenging winter season. The Q2 year-to-date citywide tax-supported and transit-supported results show a combined deficit of \$16.277 million which is primarily driven by winter operations in Public Works (PW) and Transit Services. Public Works reported a deficit of \$25.106 million, primarily due to the above average snowfall and severe weather-related expenses in the first quarter. Transit Services had a deficit of \$6.621 million, due to higher service delivery costs and delayed project implementation, as well as revenue shortfalls primarily from lower fare

collections. Rate-supported services (water, sewer, and stormwater) ended Q2 with a surplus of \$8.779 million driven by staffing vacancy savings and higher consumption revenues. The overall citywide tax, transit, and rate-supported year-to-date deficit for the second quarter is \$7.497 million. Targeted mitigation measures, including a discretionary spending freeze and a non-essential hiring pause, remain in place to help manage these pressures.

In addition, as part of the Disposition of the 2024 Tax and Rate Supported Operating Surplus/Deficit Report ([ACS2025-FCS-FSP-0003](#)), the City updated its reserve policy to include a one-time mitigation measure of \$36 million in the Tax Stabilization Reserve to offset the potential risk of a 2025 operating deficit for Transit, if funding from senior levels of government is not received by year-end. Also included within, were revised minimum and maximum target balances in the Tax Stabilization Reserve for winter operations. These allocations provide short-term financial support in managing current service delivery challenges and revenue shortfalls. Recognizing the significant budget gap facing Transit, a long-range financial plan scheduled for 2026 is expected to provide a comprehensive approach to addressing these challenges, which will also include any updated information related to the due diligence process and assumptions related to the Provincial commitment to upload the Ottawa LRT.

The City continues to closely monitor external financial pressures, particularly the ongoing and unpredictable impacts of tariffs on imported goods and materials. As of the end of Q2, there were minimal direct financial impacts identified in the operating budget results and capital projects. Tracking these tariff pressures remains a challenge, as vendors typically do not itemize tariffs on invoices. Tariff-related costs are often embedded within general price increases, making them difficult to isolate. To help address this, the City has put in place a tracking method to capture tariff-related costs when vendors identify them.

To mitigate the impact of tariffs, the City has implemented several strategic measures. Earlier this year, City Council approved updates to procurement by-laws that strengthen local sourcing. The Procurement By-law now includes an option for three quotes for purchases up to \$125 thousand to promote best value which is coupled with guidance developed for staff to invite at least one quote from a local supplier, supporting local purchasing and staff familiarity with local supply chains. This approach not only promotes regional economic resilience but also reduces reliance on imported goods more vulnerable to tariffs. In addition, staff are working closely with local industry groups, other levels of government and other Ontario Municipalities to coordinate procurement strategies and enhance supply chain risk management. The City has also partnered with local economic development organizations to launch a “*Shop Local. Buy Canadian.*” campaign and a public Tariff Toolkit, designed to help local businesses

navigate rising costs and adjust sourcing strategies where possible. These mitigation strategies are supported by ongoing collaboration with industry partners, and economic trends are being closely monitored to inform future financial planning. Capital projects that rely heavily on construction materials, fleet components, and IT equipment remain the most susceptible to price volatility and supply chain disruption.

Another key external factor being tracked is the elimination of the federal consumer carbon tax in Ontario, which came into effect on April 1, 2025. While this change occurred early in Q2 and was therefore not reflected in the Q1 results, preliminary signs of operating cost reductions have begun to emerge, particularly in fuel-intensive departments such as Transit Services, Public Works, and Emergency and Protective Services.

The City's current projections indicate estimated overall savings of **\$10,596,183**, broken down as follows:

- \$1,524,000 in savings on fuel for municipal fleet and facilities
- \$7,172,183 in savings on fuel for transit fleet and facilities
- \$1,900,000 in savings on natural gas for all municipal facilities

These anticipated savings have been reflected in the City's year-end forecast included in this Q2 report. Staff will continue to monitor fuel-related expenditures and assess how the removal of the carbon tax influences departmental operating budgets over the remainder of the year.

Note, that the year-end forecast is based on current information, and as the external factors continue to evolve, we will continue to monitor and adjust our projections as necessary, which will be reflected in the upcoming budget documents.

A high-level corporate summary of the operating results for each City department, as shown in Document 1, is summarized in Tables 1 and 2. Table 1 summarizes the Q2 operating results for all tax, transit, and rate-supported service areas. Table 3 summarizes all tax, transit, and rate-supported service area's year-end forecast.

Document 1 shows the second quarter actual expenditures and revenues compared to the budget for the same period and the year-end forecast. For reference purposes, the annual budget for the department or program area is provided.

Table 1: Operating Results as at June 30, 2025 (in thousands of dollars)

	Second Quarter		Year-to-Date Surplus / (Deficit)		
	Net Budget	Net Actual	Expenditure	Revenue	YTD Net Surplus / (Deficit)
Elected Officials	8,710	7,792	918	0	918
Office of the Auditor General	1,260	1,074	186	0	186
City Clerk	9,931	9,834	553	(456)	97
Rail Construction Program	0	0	0	0	0
Community and Social Services	133,033	126,271	(11,338)	18,100	6,762
City Manager's Office	2,762	2,761	0	0	0
Legal Services	5,589	6,114	(542)	17	(525)
Public Information & Media Relations	2,278	2,164	114	0	114
Emergency and Protective Services	137,750	136,742	(697)	1,705	1,008
Recreation, Cultural and Facility Services	82,133	83,994	(3,140)	1,279	(1,861)
Finance and Corporate Services	103,478	102,147	636	695	1,331
Public Works	120,891	145,997	(23,746)	(1,360)	(25,106)
Planning, Development and Building Services	6,856	6,778	(681)	758	78
Strategic Initiatives	24,898	23,508	1,445	(55)	1,390
Infrastructure and Water Services	3,794	3,661	(107)	241	134
Non-Departmental - All Services	(2,190,729)	(2,196,547)	(16,210)	22,028	5,817
Total Departmental Tax Supported Programs	(1,547,366)	(1,537,710)	(52,607)	42,952	(9,656)
Transit Services	184,831	191,452	(2,805)	(3,816)	(6,621)
Total Tax Supported Program and Transit Services	(1,362,535)	(1,346,258)	(55,413)	39,136	(16,277)
Water	38,709	33,757	501	4,452	4,953
Wastewater	32,139	29,181	1,419	1,539	2,958
Stormwater	21,788	20,919	24	845	869
Total Rate Supported Programs	92,636	83,857	1,944	6,835	8,779
Grand Total	(1,269,899)	(1,262,401)	(53,469)	45,971	(7,497)

All departments and service areas reviewed second 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 2025 Q2 Results

Elected Officials (EO) – Surplus of \$918 thousand

The surplus in EO reflects timing differences in spending across all wards, primarily driven by the one-time increase to Members' Constituency Services budgets outlined in the 2025 Tax Policy Report, which remained partially unspent at the end of Q2.

Office of the Auditor General (OAG) - Surplus of \$186 thousand

The surplus in OAG is due to compensation savings due to vacancies and timing of

purchased services.

Community and Social Services (CSS) – Surplus of \$6.762 million

The surplus in CSS is a result of additional revenue in the Municipal Child Care Centres due to the new provincial funding model, additional resident accommodation and provincial revenue in Long-Term Care, and underspending in Community Safety, Well-Being, Policy & Analytics. This is partially offset by higher expenses for ridership costs associated with Ontario Disability Support Program Community Bus Pass and EquiPass.

Legal Services (LS) - Deficit of \$525 thousand

The deficit in LS is driven by increased arbitration costs and external legal services.

Emergency and Protective Services (EPS) – Surplus of \$1.008 million

The surplus in EPS is due to higher than anticipated parking fines, compensation savings from vacancies, deferred spending on materials and services, and recoveries. This surplus was partially offset by higher than anticipated Workplace Safety and Insurance Board costs, increased fleet maintenance charges, higher cost of equipment and supplies and higher facility winter maintenance expenses.

Recreation, Cultural and Facility Services (RCFS) – Deficit of \$1.861 million

The deficit in RCFS is primarily driven by Aquatics, Specialized & City-Wide Programs, which reported a deficit of \$2.4 million due to higher facility maintenance and compensation cost. This was partially offset by higher than budgeted program revenues. Community Recreation and Cultural Programs reported a surplus of \$1.2 million, resulting from lower compensation costs and higher revenue in registrations, short term and arena rentals.

Finance and Corporate Services (FCS) – Surplus of \$1.331 million

The surplus in FCS is attributed to staffing delays, increased tax and water user fee revenues, as well as higher than anticipated revenues from marriage licensing and related services.

Public Works (PW) – Deficit of \$25.106 million

Road Services experienced a \$27.8 million deficit due to heavy snowfall early in the year. Parks Maintenance faced a deficit from increased vehicle-related costs, though this was partially offset by delayed spring contractor work. Forestry Services saw a surplus from delays caused by limited contractor availability. Solid Waste Services' deficit was due to higher vehicle maintenance costs while the surplus in the user-fee area from lower costs and higher tax receipts was contributed to the Solid Waste

Reserve. Parking Services generated a surplus from higher Off-Street Parking revenues, despite increased maintenance costs, with the net surplus added to the Parking Reserve. Traffic Services reported a surplus from lower compensation while Automated Speed Enforcement (ASE) revenue losses were offset by reduced costs and reserve contributions. Operational Performance & Development Services reported a surplus due to staffing vacancies.

Planning, Development and Building Services (PDBS) – Surplus of \$78 thousand

The surplus in PDBS is due to additional Building Permit revenue, offset by lower than anticipated volume of Zoning By-Law Amendment, Subdivision and Site Plan fees in Planning Services, as well as a lower volume of Road Cuts and Sewer Connection in Right of Way, Heritage and Urban Design. The expenditure deficit is due to the transfer of the Building Permit surplus to the Building Code Services Stabilization Reserve, offset by vacancies, as well as purchased services savings.

Strategic Initiatives (SI) – Surplus of \$1.390 million

The surplus in SI is largely due to vacancies in the first half of the year, as well as purchased services savings.

Infrastructure and Water Services (IWS) - Surplus of \$134 thousand

The surplus in IWS is from vacancies, offset with increased costs and revenues from the new urban boundary expansion fee.

Non-Departmental (ND) - All Services – Surplus of \$5.817 million

The surplus in ND is primarily attributed to higher than anticipated investment income, increased penalties and interest from water and tax billings.

Transit Services – Deficit of \$6.621 million

The second quarter year-to-date expenditures were \$2.8 million above budget largely due to delayed implementation of the New Ways to Bus, higher Para Transpo service delivery costs and Canada Labour Code change for sick leave costs. This shortfall was partially offset by lower compensation due to vacancies and lower diesel fuel costs. The O-Train performance deduction of \$1.7 million was partially offset by \$112 thousand in replacement bus costs. Revenues were \$3.8 million below budget mainly the result of lower than budgeted fare revenue, lower provincial funding resulting from lower Transit Payment Agreement expenditures offset partially by higher gas tax revenues.

Second quarter results by Transit Service areas are summarized in Table 2 - Transit Services' Operating Results Summary June 30, 2025 Variance.

**Table 2 – Transit Services’ Operating Results Summary June 30, 2025 Variance
(In thousands of dollars)**

Transit Services	Expenditures		Revenue		Surplus / (Deficit)		
	YTD Budget	YTD Actual	YTD Budget	YTD Actual	YTD Expenditure	YTD Revenue	YTD Net
General Manager's Office	291	338			(47)		(47)
Safety, Regulatory, Training & Development	12,303	11,113			1,191		1,191
Transit Engineering Services	3,665	2,575			1,090		1,090
Transit Customer Systems & Planning	22,296	22,720			(424)		(424)
Transit Service Delivery & Rail Ops	54,897	56,426			(1,529)		(1,529)
Bus & Para Operations	198,000	200,398			(2,399)		(2,399)
Transit Strat Comms & External	4,120	4,145			(25)		(25)
Transit Non-Departmental	95,549	96,213	0	0	(663)	0	(663)
Operating Revenue			(206,292)	(202,475)		(3,817)	(3,817)
Net Operating Impact	391,122	393,927	(206,292)	(202,475)	(2,805)	(3,817)	(6,621)

Rate-Supported Services – Surplus of \$8.779 million

Drinking Water Services’ surplus of \$4.953 million is due to vacancies and higher than anticipated cost recoveries and water consumption.

Wastewater Services’ surplus of \$2.958 million is due to vacancies, lower debt servicing charges and higher than anticipated water consumption.

Stormwater Services’ surplus of \$869 thousand is mainly due to vacancies, lower debt servicing charges and higher than anticipated account growth.

2025 Year-End Forecast

Table 3: Year-End Forecast (in thousands of dollars)

	Q2 YTD Net Surplus / (Deficit)	Forecasted Expenditure Surplus / (Deficit)	Forecasted Revenue Surplus / (Deficit)	YE Forecast Surplus / (Deficit)
Tax Supported Programs				
Elected Officials	918	0	0	0
Office of the Auditor General	186	300	0	300
City Clerk	97	0	0	0
Rail Construction Program	0	0	0	0
Community and Social Services	6,762	(10,100)	16,600	6,500
City Manager's Office	0	0	0	0
Legal Services	(525)	(500)	0	(500)
Public Information & Media Relations	114	0	0	0
Emergency and Protective Services	1,008	(6,940)	5,485	(1,455)
Recreation, Cultural and Facility Services	(1,861)	(3,000)	2,900	(100)
Finance and Corporate Services	1,331	540	1,330	1,870
Public Works	(25,106)	(26,595)	(3,205)	(29,800)
Planning, Development and Building Services	78	(970)	(30)	(1,000)
Strategic Initiatives	1,390	1,560	(60)	1,500
Infrastructure and Water Services	134	0	250	250
Non-Departmental - All Services	5,817	5,230	15,070	20,300
Total Departmental Tax Supported Programs	(9,656)	(40,474)	38,340	(2,134)
Transit Services	(6,621)	5,169	(51,815)	(46,646)
Total Tax Supported Program and Transit Services	(16,277)	(35,305)	(13,475)	(48,780)
Water	4,953	(1,500)	6,800	5,300
Wastewater	2,958	2,300	2,500	4,800
Stormwater	869	400	1,000	1,400
Total Rate Supported Programs	8,779	1,200	10,300	11,500
Grand Total	(7,497)	(34,105)	(3,175)	(37,280)

2025 Forecast Highlights – Tax Supported Programs***Office of the Auditor General (OAG) – Surplus of \$300 thousand***

Forecasted surplus due to vacancies and lower than expected professional services spending.

Community and Social Services (CSS) – Surplus of \$6.5 million

The anticipated surplus in CSS is a result of additional revenue in the Municipal Child Care Centres due to the new provincial funding model and additional resident accommodation and provincial revenue in Long-Term Care, partially offset by higher expenses for ridership costs associated with Ontario Disability Support Program Community Bus Pass and EquiPass.

Legal Services (LS) – Deficit of \$500 thousand

Forecasted deficit due to increased arbitration costs and external legal services.

Emergency and Protective Services (EPS) – Deficit of \$1.455 million

EPS anticipates a deficit at the end of the year due to higher compensation costs resulting from retroactive contract settlement and higher Workplace Safety and Insurance Board charges. These costs will be partially offset by compensation savings from vacancies, deferred spending on materials and services, recoveries, and increased revenue from parking fines.

Finance and Corporate Services (FCS) – Surplus of \$1.870 million

The surplus in FCS is attributed to staffing delays, increased tax and water user fee revenues, as well as higher than anticipated revenues from marriage licensing and related services.

Public Works (PW) – Deficit of \$29.8 million

The anticipated year-end deficit in PW is primarily driven by a projected \$28 million shortfall in Road Services, largely due to severe winter weather impacts, although non-winter maintenance costs are tracking below budget. Parks Maintenance is also contributing to the overall deficit, facing a \$2.5 million shortfall driven by rising costs and increased park growth. Business and Technical Support Services is reporting reduced net compensation costs, mainly due to increased capital project recoveries. Operational Performance & Development Services is showing a surplus as a result of staffing vacancies. Solid Waste Services is projecting a year-end surplus, supported by lower operating costs and higher tax receipts, with the excess being allocated to its reserve. Parking Services is also forecasting a surplus, driven by increased revenues, partially offset by higher maintenance costs, with the remaining balance contributing to its reserve. Forestry Services is not anticipating any significant year-end variances. Meanwhile, Traffic Services is expected to remain balanced overall, with lower-than-anticipated ASE revenues offset by reduced expenses and reserve contributions.

Planning, Development and Building Services (PDBS) – Deficit of \$1.0 million

PDBS is forecasting a revenue deficit due to a phased in User Fee approach and lower than anticipated volume of Zoning By-Law Amendment, Subdivision and Site Plan fees in Planning Services, and a lower volume of Road Cuts and Sewer Connection in Right of Way, Heritage and Urban Design. The revenue deficit is offset by Building Code Services due to additional Building Permit revenue. The forecasted expense deficit is due to the transfer of the Building Permit surplus to the Building Code Services Stabilization Reserve, offset by staffing shortages and savings in purchased services.

Strategic Initiatives (SI) – Surplus of \$1.5 million

SI is forecasting an expenditure surplus largely due to staffing shortages and delays in the first half of the year, as well as purchased services savings.

Infrastructure and Wastewater Services (IWS) – Surplus of \$250 thousand

The projected surplus in IWS is from vacancies, offset with increased costs and revenues from the new urban boundary expansion fee.

Non-Departmental (ND) - All Services – Surplus of \$20.3 million

The projected surplus is primarily attributed to higher than anticipated investment income, increased penalties and interest from water and tax billings.

Transit Services – Deficit of \$46.646 million

The year-end forecasted revenue shortfall of \$51.815 million is primarily due to lower than budgeted fare revenue and budgeted funding from other levels of government not received. Forecasted expenditures were favourable by \$5.169 million primarily due to the delay in the opening of O-Train Line 1 East, lower debt charges and lower diesel fuel costs. The expenditure savings were partially offset due to delayed implementation of the New Ways to bus, higher Para Transpo service delivery costs and Canada Labour Code sick leave costs. The Transit Services' 2025 Year-End Forecast is summarized in Table 4.

Table 4 – Transit Services’ 2025 Year-End Forecast (in Thousands of dollars)

Transit Services	Annual Budget		Year-End Forecast		Forecast Surplus/(Deficit)		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	Net
General Manager's Office	576		622		(47)		(47)
Safety, Regulatory, Training & Development	22,951		22,387		564		564
Transit Engineering Services	8,925		7,235		1,690		1,690
Transit Customer Systems & Planning	45,117		45,540		(423)		(423)
Transit Service Delivery & Rail Ops	140,133		133,156		6,977		6,977
Bus & Para Operations	386,904		394,766		(7,862)		(7,862)
Transit Strat Comms & External	8,040		8,065		(25)		(25)
Transit Non-Departmental	205,612	0	201,317	0	4,295	0	4,295
Operating Revenue		(370,465)		(289,773)		(51,815)	(51,815)
Net Operating Impact	818,258	(370,465)	813,088	(289,773)	5,169	(51,815)	(46,646)

2025 Forecast – Rate-Supported Services – Surplus of \$11.5 million

The forecasted expenditure surplus is due to vacancies and lower debt servicing charges. The forecasted revenue surplus is due to higher than anticipated consumption and account growth.

2025 Q2 Compensation Results

Document 2 provides staff compensation information showing the actual salary, benefits and overtime costs incurred by departments for Q2 versus the full year budget. The overall total actual compensation costs for the first half of 2025 were 52 per cent of the full year 2025 compensation budget which is considered normal. Actual overtime costs as a percentage of the annual budget are 81 per cent spent. Additional overtime costs were incurred due to increased demand for shelters from Housing Services, legislated increased hours of care in Long-Term Care with an occupancy rate of over 97 per cent. Public Works experienced increased overtime costs due to seasonal requirements caused by severe winter events in Q1. Transit experienced increased overtime costs due to staffing delays and shortages.

Capital Projects and Programs

Document 3 provides a list of citywide tax, transit services, and rate-supported capital projects. The list identifies the lead department and financial status (approved budget versus actual results). The total for capital works in progress is \$16.288 billion, of which \$3.994 billion is uncommitted to date. Separate Q2 Status Reports are provided to the

Boards of the Ottawa Police Service, Ottawa Public Library and Ottawa Public Health, and 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 2025, 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 2025-069, Schedule B, Section 8 requires that the transfer of operating funds exceeding \$200 thousand 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 recommendation in 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.

DELEGATION OF AUTHORITY IMPLICATIONS

Delegated authority was exercised as set out under the Delegation of Authority by-law 2025-069 regarding the transfer of operating funds. The transfer of operating funds exceeding \$200 thousand, shall be reported to the Finance and Corporate Services Committee and City Council and is presented in Document 4.

TERM OF COUNCIL PRIORITIES

This report supports the current 2023-2026 Term of Council Priorities as well as the City's commitment to financial sustainability and transparency.

SUPPORTING DOCUMENTATION

Document 1 – Operating Results as at June 30, 2025

Document 2 – Compensation Summary as at June 30, 2025

Document 3 – 2025 Q2 Capital Works-In-Progress

Document 4 – 2025 Q2 Operating Budget Adjustments and Transfers

DISPOSITION

There are no disposition requirements Document 3 – 2025 Q2 Capital Works-In-Progress as this is an administrative report.