

Report to / Rapport au:

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

27 April 2026 / 27 avril 2026

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 – 2025 YEAR END

OBJET : RAPPORT D'ÉTAPE FINANCIER DU FIN D'ANNÉE 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.

Each quarterly financial report summarizes the current financial position of the Ottawa Police Service (OPS). This Financial Status Report presents the year-end financial position of the OPS and outlines the operational issues that affected finances in 2025. The results are subject to external audit by the City of Ottawa.

At the December 2025 Board meeting, the third quarter financial report was tabled. The report identified a \$20 million forecasted year end operating budget deficit. The OPS is now reporting a \$25.2 million operating deficit in 2025 after tax-related expenditures and revenues are allocated. There were five primary factors contributing

to the year-end deficit. The most significant pressures were the \$7.5 million collective agreement settlement pressure and \$11.2 million in overtime costs. In addition, a \$6.5 million revenue shortfall resulted from Public Safety Canada's decision not to reimburse costs associated with demonstrations related to the Israel-Palestine conflict under the National Capital Extraordinary Policing Costs program. Lastly, higher than forecast WSIB expenses and corporate support costs related to staff stabilization plan implementation further increased pressures. The total pressures the OPS experienced in 2025 was \$32.8 million. Those pressures were partially offset by revenue surpluses, including recoveries from secondments, resulting in a net deficit of \$28.9 million before the allocation of tax-related account surpluses.

On March 27, 2026, the Ottawa Police Service presented this 2025 Year End Financial Report to the Finance and Audit Committee – item 4.1 on the agenda. The report, and its various appendices, were received by the Finance and Audit Committee for information.

DISCUSSION

The OPS manages operational risks and pressures internally year-over-year through management interventions and revenue offsets. Historically, the OPS has managed less than \$10M in pressures, however, since 2021 the OPS has managed an increase in risks and pressures. These above average pressures continued in 2025 resulting in \$32.8M of expense pressures and revenue shortfalls.

The OPS year-end financial position in 2025 was a \$28.9 million deficit (7% of operating base budget of \$389 million). There were five primary items that contributed to the year end deficit position for the OPS in 2025:

1. Non-recoverable overtime - \$11.2 million
2. Collective agreement settlement - \$7.5 million
3. Federal funding shortfall - \$6.5 million
4. Workplace Safety and Insurance Board (WSIB) medical claims - \$3 million
5. Corporate support pressures incurred to support implementation of the staff stabilization plan - \$3 million

In recognition of year-to-date risks and pressures, in June 2025, the OPS implemented cost-containment measures with the intent to mitigate the forecasted deficit. The OPS imposed a discretionary spending freeze, implemented safeguards to preserve vacancy savings along with other proactive measures to mitigate further financial strain.

Historically, the OPS has been able to leverage vacancy savings and funding from the Federal Government as key solutions to address annual pressures the OPS faces. In 2025, the OPS was not able to leverage those solutions. Due to the success of the staffing stabilization plan, the 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 some of the pressure created by events and demonstrations that fall within the scope of the National Capital Extraordinary Policing Costs program, the OPS was advised by Public Safety Canada that they would not be reimbursing the OPS for the costs associated with demonstrations tied to the Israel-Palestine conflict, resulting in a significant pressure for the OPS. Further, investigative expenses related to a 2025 homicide have created additional financial pressure, with costs reaching approximately \$1.2 million in 2025 and the potential for a further \$1.1 million or more to be incurred in 2026.

In recognition of the 2025 deficit, and to ensure that the OPS undertakes all reasonable efforts to help mitigate 2026 pressures, the Service is taking proactive fiscal restraint and management control measures in 2026. However, known pressures remain, including investigative expenditures and sick leave expenses, in 2026.

The 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 \$30 million range. The funding received has not met the commitments the OPS has (i.e. new collective agreements), leading to funding pressures accumulating throughout the year. This trend has continued through to 2025 given the OPS has reported a total pressure of \$32.8 million, with minimal offset from other funding solutions.

The police tax levy reflects the costs that are under the Board's control as well as those that are not but are required for tax-related purposes. With regards to budget items that were under the control of the Board, the OPS ended the year in a deficit position of \$28.9M. For the items that aren't under the control of the Board, a surplus of \$3.7 million was recorded in these tax-related accounts due to the police share of remissions and supplementary assessments. These tax-related accounts are budgeted and managed by City staff.

As a result of the above, the total Police Services budget was in a total deficit position of \$25.2M for 2025.

The list of pressures and solutions as at year end are outlined in Table 1 followed by corresponding notes.

Table 1: 2025 Year End – Significant Variances		
	Key Pressures	Amount
a)	Overtime	\$11,200,000
b)	Collective Agreement Settlement	\$7,500,000
c)	Federal Funding Shortfall	\$6,500,000
d)	Workplace Safety and Insurance Board (WSIB) Medical Claims	\$3,000,000
e)	Corporate Support Costs for Staff Stabilization Plan	\$3,000,000
f)	Revenue Shortfalls	<u>\$1,600,000</u>
	Total Pressures	\$32,800,000
	Key Solutions/Offsets	
g)	Revenue & Recoveries	\$3,900,000
	Total Solutions	\$3,900,000
	Surplus/(Deficit) from operations	<u>(\$28,900,000)</u>
h)	Non-Departmental Taxation	\$3,700,000
	Surplus/(Deficit)	<u>\$25,200,000</u>

PRESSURES

a) \$11.2M Overtime Pressures

Members continue to work a significant amount of overtime to meet the needs of the community, most notably maintaining minimum staffing levels on the frontline (\$2.8 million). Other sections with high non-recoverable overtime costs creating a pressure on current results include:

1. Court Security (\$2.6M) – the section has experienced a high volume of high-risk security cases that require additional members on overtime.
2. Communications Centre (\$2.5M) - the section consistently incurs overtime due to staffing shortages to ensure adequate shift coverage.
3. Intimate Partner Violence Unit (\$0.8M) – the section has incurred high overtime due to vacancies in the unit and an increased volume of work.

To begin addressing this pressure, the OPS has implemented a 10% minimum overtime reduction target for 2026 that will be monitored and reported upon regularly.

b) \$7.5M Collective Agreement Settlement Pressures

The cost pressure from the 2025 Collective Agreement Settlement is \$7.5 million. 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, the OPS was in a funding deficit for 2025. The OPS has 2026 funding pressures related to the collective agreement, specifically \$2.5M related to double cohort sick leave payout.

c) \$6.5M Federal Funding Shortfall

The Federal funding shortfall is associated with the National Capital Extraordinary Policing Costs program that includes an annual funding agreement for \$3 million. Dating back to the illegal truck demonstration in 2022, the OPS has exceeded that annual \$3 million amount and has requested supplemental funding from Public Safety Canada to recoup those costs. In 2025, the OPS was advised by Public Safety Canada that they would not be reimbursing the OPS for the supplemental funding request for costs associated with demonstrations tied to the Israel and Palestine conflict. The \$6.5 million shortfall is the cumulative amount that has been incurred and not reimbursed since the beginning of the conflict. In 2025, initial discussions were held with Public Safety Canada regarding negotiating the next 5-year agreement for the National Capital Extraordinary Policing Cost program. Negotiations are expected to recommence after the Federal fiscal year end of March 31st.

d) \$3M Workplace Safety and Insurance Board (WSIB) Medical Claims

The cost pressure from WSIB Medical Claims in 2025 exceeded budgeted amounts by \$3 million. This is an annual pressure for OPS. The Service has many members off on long

term leaves of absence on WSIB that require expensive medical care to assist them in their recovery.

e) \$3M Corporate Support Costs

Corporate support pressures were incurred in 2025 to support implementation of the staff stabilization plan. These costs were primarily related to psychological assessments, background investigations, and uniform expenses.

f) \$1.6M Revenue Shortfalls

The OPS experienced revenue shortfalls from the red-light cameras and false alarm revenue streams during the year; \$1.6 million less was received in revenue through these streams than was anticipated in the 2025 budget.

SOLUTIONS/OFFSETS

g) \$3.9M Revenue & Recoveries

The OPS experienced higher than budgeted revenue and recoveries within various accounts. The significant contributors to this portion of the surplus include:

- \$1.5M Secondment Revenue
- \$0.9M Paid Duty Program
- \$0.5M Court Security Prisoner Transportation (CSPT) Grant
- \$0.6M Background Clearance
- \$0.4M Airport Authority Contract

h) \$3.7M Non-Departmental Taxation

Non-departmental taxation amounts are items that aren't under the control of the Board. These tax-related accounts are budgeted and managed by City staff. That said, a portion of these amounts are allocated to each business area within the City when reporting on the year end position. In 2025, a surplus of \$3.7 million was recorded in these tax-related accounts due to the police share of remissions and supplementary assessments.

2025 Purchases Made Under Chief's Delegated Authority

CEW's:

Not applicable.

Fleet:

1. Water Vessels with Trailer - \$1,643,000
2. Armoured Vehicle - \$670,000 (funded by Public Safety Canada through the Parliamentary District Policing Program Contribution Agreement)
3. Lifecycle of unmarked vehicles - \$374,000

South Building:

Not applicable.

2025 Purchases Made Under Special Circumstances Clause

The 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 approvals. 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 Q4 2025, the OPS was not required to leverage the special circumstances clause for any purchases.

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 Year End Financial Report – Summary by Directorate.

- Document 2: a list of all contracts awarded under delegated authority by the Chief that exceed \$25,000 during the fourth quarter of 2025. In total, \$12.7M in purchase orders were issued under delegated authority in the fourth 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.

Table 2: Summary by Type Contracts Awarded Under Delegated Authority		
Type	Amount	%
Information & Technology	\$7,594,197	60%
Fleet & Equipment	\$2,909,045	23%
Consulting Services	\$950,640	7%
Goods & Supplies	\$613,387	5%
Facilities & Construction	\$421,456	3%
Professional Services	\$234,562	2%
Total	\$12,723,287	

- Document 3: a summary of the OPS’s 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.
- Document 4: provides a quarterly update regarding the receipt of grant funds from the various levels of government as well as any applicable updates on grants that the OPS has applied for.
- Document 5: a report on Board Policy CR-8 – “The Acceptance of Donations, Gifts, Loans and Sponsorships”: Section 6 and 7 of the policy requires that the Chief report to the Board all donations, gifts, loans, and sponsorships valued at over \$500 as part of the quarterly process and that all that are valued over \$50

be properly documented. This document lists those items for the 2025 year. In 2025, a total of \$103,299 was donated to the OPS, which was in support of the OPS Gala.

FINANCIAL IMPLICATIONS

As outlined in the report.

SUPPORTING DOCUMENTATION

Document 1 – 2025 Year End Financial Report – Summary by Directorate

Document 2 - Purchase Orders Issued Under Delegated Authority and Procurement under the Special Circumstances Clause

Document 3 - Capital Budget Works in Progress

Document 4 - Quarterly Grant Update

Document 5 - Donations Report

CONCLUSION

The OPS ended the 2025 fiscal year with a deficit from operations of \$28.9M. There were five primary factors contributing to the year-end deficit. The most significant pressures were the \$7.5 million collective agreement settlement pressure and \$11.2 million in overtime costs. In addition, a \$6.5 million revenue shortfall resulted from Public Safety Canada's decision not to reimburse costs associated with demonstrations related to the Israel-Palestine conflict under the National Capital Extraordinary Policing Costs program. Lastly, higher than forecast WSIB expenses and corporate support costs related to the staff stabilization plan further increased pressures. These results are subject to the year end financial audit performed by a 3rd party through the City of Ottawa.

When the surplus of \$3.7M in the taxation accounts is considered, there is a net operating and taxation deficit of \$25.2M for the police tax rate. The \$25.2M deficit will be funded through the City's Tax Stabilization Reserve.

The key takeaways for year-end are as follows:

- The material changes from the third quarter to year-end are attributable to the lack of Federal funding for the Israel and Palestine conflict, unanticipated higher spending than forecasted for WSIB expenses, and higher than anticipated overtime expenses.

- There were five primary items that contributed to the year end deficit position for the OPS in 2025: non-recoverable overtime, collective agreement settlement, federal funding shortfall, WSIB claims and corporate support pressures incurred to support implementation of the staff stabilization plan.
- In recognition of the 2025 deficit, and to ensure that the OPS undertakes all reasonable efforts to help mitigate 2026 pressures, the Service is taking proactive fiscal restraint and management control measures in 2026. These measures were implemented in February of 2026. However, as noted earlier in the report, investigative expenditures and sick leave expenses represent known financial pressures for 2026. The Q1 2026 report will provide a more comprehensive update.

The 10-year long range financial plan will include budget base increases for the primary drivers of the deficit in 2025 to ensure that future year pressures related to overtime, WSIB, corporate support costs for staffing, and similar costs, are mitigated. These increases will be based off of the historical 5-year averages and information known regarding future trends.

The next financial report will be tabled with the Finance and Audit Committee on June 18, 2026 and will be the Q1 2026 Report.