

**Subject: 2022 TRANSIT OPERATING AND CAPITAL BUDGET Q1 STATUS  
REPORT**

**File Number: ACS2022-FSD-FSP-0007**

**Report to Transit Commission on 18 May 2022**

**Submitted on May 9, 2022 by Wendy Stephanson, Chief Financial Officer**

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**Ward: Citywide**

**Objet : BUDGETS DE FONCTIONNEMENT ET DES IMMOBILISATIONS 2022–  
T1 – RAPPORT D'ÉTAPE DU COMMISSION DU TRANSPORT EN  
COMMUN**

**Dossier : ACS2022-FSD-FSP-0007**

**Rapport au Commission du transport en commun**

**le 18 mai 2022**

**Soumis le 9 mai 2022 par Wendy Stephanson, Cheffe des finances / trésorière,  
Direction générale des services des finances**

**Personne ressource : Cyril Rogers, Trésorier municipal adjoint (T), Les services  
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**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATION(S)**

**That the Transit Commission receive the 2022 Q1 Status Report for information.**

## **RECOMMANDATION(S) DU RAPPORT**

**Que la Commission du transport en commun prenne connaissance du rapport d'étape du premier trimestre de l'année 2022.**

## **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 and third quarter reports. Capital reports provide a listing of:

- Capital projects and programs
- Authorized expenditure budgets
- Actual expenditures and commitments incurred to date
- Remaining amount to be spent

The purpose of this report is to present the March 31, 2022 year-to-date operating and capital results for OC Transpo along with providing an overview of any potential issues or risks that will be monitored during the year and reported in subsequent quarterly reports.

## **DISCUSSION**

### **First Quarter Year-to-Date Results**

The year-to-date budget figures are prepared on a “calendarized” basis. Departments have allocated their 2022 budgets on a monthly / quarterly basis based, primarily on experience.

The year-to-date results for OC Transpo are reflected in Table 1 followed by a discussion on significant budget variances.

**Table 1 - 2022 Q1 Operating Results (in Thousands of dollars)**

	Expenditures			Revenue			Surplus / (Deficit)		
	Annual Budget	YTD Budget	YTD Actual	Annual Budget	YTD Budget	YTD Actual	YTD Expense	YTD Revenue	YTD Net
General Manager's Office	807	203	181	0	0	0	22	-	22
Transit Customer Systems & Planning	43,093	10,299	8,687	0	0	0	1,612	-	1,612
Strategic Comm & External Relations	-	-	1	0	0	0	-1	-	(1)
Transit Operations	438,368	112,667	109,062	0	0	0	3,605	-	3,605
Safety, Compliance, Training & Development	6,855	1,837	1,708	0	0	0	129	-	129
Business Support Services	3,374	855	708	0	0	0	147	-	147
Non-Departmental	191,226	35,098	35,098	-77,300	-1,000	-1,000	0	-	-
Operating Revenue	-	-	-	-192,610	-36,079	-34,935	0	(1,144)	(1,144)
COVID -19	11,725	2,931	1,644	-52,828	-21,590	-2,109	1,287	(19,481)	(18,194)
Convoy Occupation	-	-	647		0	3,462	-647	(3,462)	(4,109)
<b>Transit Commission Total</b>	<b>695,448</b>	<b>163,890</b>	<b>157,736</b>	<b>(322,738)</b>	<b>(58,669)</b>	<b>(34,582)</b>	<b>6,154</b>	<b>(24,087)</b>	<b>(17,933)</b>

The Q2 Status Report, which includes a forecast for the year, will provide a better indication as to the overall year-end position.

All OC Transpo 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 that should be highlighted or addressed at this time. Table 1 provides a summary of the Q1 operating results.

### Highlights of Q1 results

The 2022 Q1 operating results shown in Table 1 indicate a deficit of \$17.933 million which is made up of \$18.194 million in revenue losses and costs due to COVID-19 and the emergence of the Omicron variant at the beginning of the year, \$4.109 million in lost revenue and added costs as a result of the unplanned convoy occupation which impacted transit service operations for over three weeks, \$1.144 million lost operating revenue and which were offset by a \$5.514 million expenditure savings mainly from normal operations

## **Non-COVID-19 and Non-Convoy Occupation Surplus**

The surplus of \$4.37 million is mainly attributable to reduced compensation expenditures from current vacancies, lower O-Train Line 1 service maintenance costs due to performance provision outlined in the RTM Project Agreements, and lower fare system expenditures. These savings were partially offset by reduced fare revenues due to the temporary fare freeze, approved by Council ([2022 DRAFT OPERATING AND CAPITAL BUDGET – TRANSIT COMMISSION](#)).

## **COVID-19 Deficit**

The current 2022 COVID-19 impact deficit is \$18.194 million, mainly related to revenue losses stemming from ongoing pandemic impacts, increased cleaning and personal protective equipment (PPE) costs, and further health restriction measures in Q1 of 2022 due to the Omicron variant. Safe Restart Funding provided by the provincial government to offset the Q1 revenue shortfall and COVID-19 related expenditures have been confirmed that we are eligible for Phase 3 top up funding of \$10.87 million to cover the January 1 – January 31 of 2022 impact.

The break-down is as follows:

- **Revenue Variance of (\$8.761) million:** The 2022 City Budget projected COVID-19 related lost revenue of \$18.659 million; however, the actual revenue loss was \$27.420 million. This was due to the unanticipated provincial lockdown measures following the resurgence of the Delta and Omicron waves of COVID-19 in the community, which resulted in lower ridership and lower advertising revenues.
- **COVID-19 costs variance savings of \$1.287 million:** The budget included costs of \$2.931 million to cover cleaning supplies, PPE and enhanced cleaning but the actual expenditure totaled \$1.644 million. The reduced cost is mainly related to lower enhanced cleaning costs and fare system savings resulting from lower fare revenue being processed through OC Transpo's contractors.
- **Safe Restart Agreement Funding Variance of (\$10.720) million:** The Safe Restart Agreement (SRA) funding was budgeted for \$21.590 million, however funding has so far only been confirmed by the Province to cover the January 2022 lost revenue and COVID-19 related costs for \$10.870 million. As previously reported to the Mayor and Members of Council on March 30, 2022, the Deputy

Prime Minister and Minister of Finance, announced that the federal government intends to invest up to \$750 million in one-time funding across the country for local transit systems to cover pandemic-related fare revenue shortfalls. It is expected that further information on funding allocations will be available once the legislation tabled is passed. In addition, as announced as part of the 2022 Ontario budget, the provincial government is committing to matching dollar-for-dollar, in addition to its previous investments. At this time, individual municipal allocations are unknown. As information becomes available, it will be shared with Mayor and Council.

- **Convoy Occupation Variance of (\$4.109) million:** The impact of the Convoy Occupation resulted in a \$4.109 deficit. This was the result of loss revenue of \$3.462 million and related costs of \$0.647 million.

Lost revenue also occurred due to a decision by Council to offer no charge fares for O-Train Line 1, 15 bus routes and Para Transpo services in the affected areas as approved on February 17, 2022, Motion 71/7.

The direct cost related to providing bus transportation for Ottawa Police Services (OPS) officers, towing costs and overtime incurred by Special Constables, Station Service Attendants and Customer Service Outreach staff at O-Train Line 1 stations and within the downtown core at transit infrastructure. The City is working with our OPS partners in seeking funding for full recovery of these direct costs in addition to discussing with the Office of the Minister of Public Safety Canada the full recovery of the lost revenue stemming from the extraordinary impacts as a result of the extended Convoy Occupation.

## **Q1 Compensation Results**

Document 1 provides compensation information showing the actual salary / benefits and overtime costs incurred by OC Transpo service areas for Q1 versus the full year budget. Overall total actual overall compensation costs for the first quarter were 24 percent of the full year 2022 compensation budget which is normal for the Q1 period. Actual overtime costs as a percentage of the annual budget are 46 percent spent, mainly as a result of vacant positions.

## **Capital Projects / Programs**

Document 2 provides a list of transit capital projects. The list identifies the lead department, ward, financial status (approved budget versus actual results) and

anticipated completion date. The total for capital works in progress is \$776 million, of which \$212 million is uncommitted to date.

### **FINANCIAL IMPLICATIONS**

The financial implications are outlined throughout the report.

### **LEGAL IMPLICATIONS**

There are no legal impediments to receiving the information in this report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

Not Applicable

### **ADVISORY COMMITTEE(S) COMMENTS**

There are no comments by an advisory committee required for this report.

### **ACCESSIBILITY IMPACTS**

There are no accessibility implications with this report.

### **ASSET MANAGEMENT IMPLICATIONS**

There are no Asset Management Implications with this report

### **CLIMATE IMPLICATIONS**

There are no climate implications with this report.

### **ECONOMIC IMPLICATIONS**

N/A

### **ENVIRONMENTAL IMPLICATIONS**

There are no Environmental Implications with this report

### **INDIGENOUS GENDER AND EQUITY IMPLICATIONS**

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

## **RISK MANAGEMENT IMPLICATIONS**

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

## **RURAL IMPLICATIONS**

There are no rural implications with this report.

## **TECHNOLOGY IMPLICATIONS**

There are no Technology Implications with this report.

## **TERM OF COUNCIL PRIORITIES**

This report supports the City's on-going commitment to financial sustainability and transparency.

## **SUPPORTING DOCUMENTATION**

Document 1 – 2022 Q1 Compensation Summary

Document 2 – Capital Works in Progress

## **DISPOSITION**

There are no disposition requirements as this is an administrative report.