

# Staff Report



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To	<b>Committee of the Whole</b>
Service Area	Office of the Chief Administrative Officer
Date	Wednesday, December 4, 2024
Subject	<b>2024 Third Quarter Budget Monitoring Report</b>

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## Recommendation

1. That the funding adjustments detailed in Table 4 of Attachment-2 of the 2024 Third Quarter Budget Monitoring Report dated December 4, 2024, be approved.
  2. That a budget adjustment of \$448 thousand for PM0001 Paramedics Facility Renewal, be approved.
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## Executive Summary

### Purpose of Report

The purpose of this report is to provide Council notice of any financial risks that could affect the 2024 year-end position, highlights significant capital project activity and milestones, as well as seeking approval of capital budget and funding changes. This report includes the third quarter (Q3) actual financial information for both the operating and capital budget for each department and capital program of work as of September 30, 2024.

### Key Findings

Overall, from an operating perspective, the City Budget is projected to have a small favourable variance of \$850 thousand or 0.16 per cent of gross operating expenditure. Actual year-end results may fluctuate from this projection by plus or minus one per cent of gross operating expenditures.

Current year-end projections indicate the non-tax-supported budget will be in a deficit position of \$0.9 million and the tax-supported budget will be in a surplus position of \$1.7 million. This is a change from second quarter projections due to the ongoing challenges identified in the corporate drivers section of this report which are discussed below. Actual year-end results may be impacted by items yet unknown, as staff continue to focus on service delivery and expense management.

The 2024 budget assumed a greater level of financial risk by the City to help property tax affordability. This was achieved primarily through the phase-in of inflationary pressures and rising costs for social housing administered by the County over the multi-year budget period. In some cases, cost pressures in excess of those estimates are being experienced. Further inflationary adjustments are included in the 2025 Budget Update to address continued budget pressures in utilities, facility maintenance, medical supplies and software licensing fees.

From a capital perspective as outlined in Attachment-1, the City is trending positively and as expected with spending of \$109.3 million and purchase order (PO)

commitments of \$287.7 million as of the end of Q3. This leaves \$264.3 million (or 40 per cent) of approved, but yet to be executed budgeted projects. Through an in-depth review of capital projects in March 2024, as well as newly implemented internal metrics, we expect to maintain the progress made in 2023 with having 75 to 80 per cent of project budgets committed or spent by year-end.

Capital revenues continue to lag estimates as development charge (DC) collections are trending at only 23.3 per cent of budget, with a projected shortfall of \$32.2 million. At the same time, DC exemption costs are trending above budget at 110.2 per cent as of the end of September, which is attributed primarily to additional dwelling unit (ADU) volumes. ADUs account for 83 per cent of the exemptions and discounts to date in 2024 compared with 54 per cent in 2023. With the approval of the updated DC By-law earlier in the year, DCs of \$18.8 million have replaced \$5.4 million of tax and \$13.4 million of rate funding on already approved projects, and additional funding adjustments will be processed as part of the fourth quarter report to add growth studies back into the DC given Council's approval on November 13, 2024. Staff will continue to monitor and report on DC collection and exemption levels. Lower-than-expected housing development is also impacting operating revenue streams including building permits and development application fees, and this is actively being managed with expenditure management. These conditions are being experienced across the province, but with Bank of Canada monetary policy beginning to lower the cost of borrowing, staff are hopeful that these development conditions will begin to reverse.

There has been a significant increase in the number of grant programs offered by both the federal and provincial governments, which has resulted in the implementation of a new corporate-wide grant management process. This involved reallocating resources to the completion of grant applications and various monitoring reports to funders, creating additional capacity to support this work, and streamlining internal processes to manage the increased workload and submit competitive funding applications for a wide range of programs. Grant applications totaling \$42.8 million have been submitted and we are currently awaiting decisions from the funders.

## **Strategic Plan Alignment**

Reporting quarterly on the financial status of the operating and capital budget supports the Future Guelph Strategic Plan's Foundations theme of maintaining the City's healthy financial position. Monitoring the financial status of the City is directly linked to the City's credit rating as S&P Global (S&P) reviews and updates the credit rating annually. In 2024, S&P reaffirmed the [City's financial credit rating](#) as AAA with a stable outlook. The report does caution that the road ahead shows signs of downward rating pressure due to a large capital plan in 2024-2026 increasing the City's reliance on debt in the medium term.

## **Future Guelph Theme**

Foundations

## **Future Guelph Objectives**

Foundations: Maintain the City's healthy financial position

## Financial Implications

Staff will continue to monitor the impact of variances identified in this report to protect the City's long-term sustainability. Identifying potential risks and implementing mitigation strategies reduces the reliance on the City's contingency reserves at year-end. As reported in the 2025 Budget Update, the City's tax supported contingency reserves were projected to fluctuate between 15 and 24 per cent of target from 2025 to 2028 given the extensive use of reserves to phase in budget impacts over multiple years. Those forecasted balances included an earmark of \$500 thousand for the tax supported deficit projection as of Q2, and \$500 thousand for potential assessment growth revenue below budget. With the confirmation that assessment growth revenue was not short of budget, and with the updated year-end tax supported surplus projection of \$1.7 million, tax supported contingency reserves are now projected to fluctuate between 21 and 30 per cent of target from 2025 to 2028. Balances below target reduce the City's financial health, limiting the ability to mitigate any negative financial impacts should an overall City deficit materialize. Staff have continued to recommend that rebuilding contingency reserve balances with year-end surpluses be prioritized to reduce vulnerability to unexpected events and improve the capacity to smooth future budget impacts.

Ongoing monitoring of capital spending ensures that projects are delivered as intended and that any financial impacts are addressed and approved by Council proactively.

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## Report

The [2024-2027 multi-year budget](#) was adopted on November 29, 2023 beginning the process of addressing inflationary pressures experienced over the past two years. City staff reviewed historical trends to help identify efficiencies and revenue opportunities, making adjustments to account for rising inflation, historical staffing vacancy rates, actual user fee and rate collections and current investment income trends.

The Q3 budget monitoring report offers a projection of the 2024 year-end operating position and details the drivers influencing this projection.

## Operating Budget

This report was prepared in consultation with City departments as part of the regular budget monitoring process. Department leaders were provided financial information as of September 30, 2024. Actual expenditures and revenues were analyzed, and related commentary on potential significant deviations from the budget is provided. This report includes highlights of positive trends, challenges, risks, and concerns based on all known and available information at the time of this report.

## Corporate Variance Risks and Opportunities

The variance drivers identified below will result in a surplus or deficit at year-end and these projections will change based on activities through the last quarter of the year. Corporate variance drivers affect many departments throughout the City and are presented below to alleviate the repetition throughout the report.

**Revenue:** Historical revenue surplus results were addressed in the 2024-2027 multi-year budget through the increase in revenue budgets totaling \$15.8 million. Key areas with adjusted revenue increases in 2024 are Water, Wastewater and Stormwater rates, investment income, and building permit revenue. Historical deficits in parking revenue were also addressed through a revenue budget reduction in 2024 to reflect actual experience.

The Q3 revenue projection to year-end is a surplus of \$10.5 million, with the majority of additional projected revenue offset by additional expenditures or transfers to reserve funds. A significant portion of this surplus relates to grant funding approvals unknown at the time of budget like the Housing Accelerator Fund and Local Immigration Partnership Program. Additionally blue box revenue continues to exceed budget and was not adjusted in the 2024 budget as this program ends this year.

2024 rate revenue budget adjustments for Water and Wastewater have mitigated large historical surplus positions, however as of Q3 a combined deficit of \$1 million is projected to year-end. This is driven by fewer housing starts in 2024 combined with anticipated consumption that did not materialize over the summer months due to the wet weather. The 2025 budget update reflects updated consumption trends.

A Stormwater revenue surplus of \$630 thousand is projected due to higher estimated residential units than budgeted combined with additional interest earnings on overdue accounts. The 2025 budget update reflects updated residential units.

User fees revenues from parking continue to fall below budget and this service projects a year-end deficit of \$471 thousand driven by lower than budgeted usage in both lots and parkades. Staff continue to implement operational changes to refine this budget line to meet the changing demand for services.

A user fee deficit of \$4.2 million is projected in Ontario Building Code (OBC) due to lower than budgeted residential building permit revenue. External economic conditions are contributing to a slowdown in development across the province. Permit revenue was adjusted through the 2025 budget update to reflect the current economic climate.

**Compensation:** During the 2024 to 2027 multi-year budget deliberation process, Council passed a motion reducing the overall budgetary increase for the 2024 positions by 50 per cent. The intent of this motion is to phase in the cost of new roles over two years to address affordability and to better reflect hiring timelines. In January staff rolled out a staggered recruitment strategy based on service area priorities to address this budgeting change from the corporate perspective. The staggered recruitment strategy has been very successful, with compensation expenses overall within budget.

Corporately, compensation is trending slightly under budget to the end of Q3, and year-end projections indicate a year-end surplus of \$2.1 million.

Several departments identified challenges associated with compensation budgets in 2024. Vacancies continue to produce budget saving due to recruitment challenges associated with positions in Planning, Building, Transportation, Operations, Wastewater, Courts, and Legal Services.

Negative variances associated with increased demand on overtime budgets are being reported by Guelph Wellington Paramedics, Fire Services, and Guelph Transit. This is due to minimum staffing requirements to cover various forms of leave in emergency services and high turnover rates and a longer onboarding process at Guelph Transit. This has been a growing trend over the past few years, and there are several human resources strategies in place to mitigate this in addition to a review of staffing backfill requirements that will be undertaken next year ahead of the 2026 budget update.

Staff continue to monitor compensation trends throughout the year to mitigate budget variances.

**Utilities:** Corporately, a year-end deficit of \$150 thousand is projected for utility costs. Electricity, natural gas, and water expenditures as of September 30 are two per cent below budget, with higher than anticipated electricity and water costs being offset by savings in natural gas. The year end deficit projection is driven by Alectra's recently applied rate correction (termed Lost Revenue Adjustment Mechanism or LRAM) to the City's streetlight billing as they have seen a significant reduction in revenue since the City's LED streetlight conversion project was completed. This rate correction means the City is paying a higher cost on electricity now for streetlights which was not planned in the multi-year budget. The 2025 budget update includes an additional \$480 thousand for streetlighting and \$200 thousand for other utility costs.

**Corporate Vehicle and Equipment Repairs and Maintenance:** A deficit ranging from \$750 thousand to \$1.3 million is projected at year-end. The modest increase to these budget lines in 2024 continues to fall short of previous years' deficits and inflationary pressures for materials and third-party service providers continue to be monitored. Fleet services is seeing a heavy reliance on third party contractors due to recruitment challenges. Additional challenges relating to an aging fleet, inflationary pressures on the cost of vehicle parts, trade labour, and supply chain issues continue to drive budget pressures in 2024. The 2025 Budget Update includes a net reduction to vehicle maintenance budgets resulting from the solid waste blue box transition but includes an increase for aging fleet.

**Fuel:** Corporate fuel budgets are projected to end the year with a \$537 thousand surplus. The price of gasoline remains higher than anticipated through the first part of the year while diesel prices have stabilized and are expected to be lower than the budgeted cost per litre. Fuel consumption is charged out to the departments based on usage and will be reflected in departmental year-end variances. The 2025 budget update includes a reduction from the 2025 adopted fuel budgets to coincide with the timing of new vehicles purchased through the prioritized capital budgets.

**Corporate Building Repairs and Maintenance:** A \$1.2 million deficit is projected for building maintenance and repair costs driven by the additional needs of our aging facilities. Corporate Building Maintenance staff are working together with service areas to ensure priority work is completed and City facilities are regularly inspected, maintained, and repaired on schedule. Building maintenance activities are charged out to the departments based on actuals and will be reflected in departmental year-end variances. An increase of \$500 thousand for Corporate Building Maintenance is included in the 2025 budget update.

## **Departmental Impacts**

### **Planning and Building Department including Ontario Building Code**

OBC is projecting a \$1.7 million deficit to year-end driven by significantly lower than budgeted revenue. Significantly slower than anticipated residential housing starts in 2024 due to high interest rates and delays in construction activity continue to influence lower than budgeted user fees and building permit revenues. This slowing is a broader Provincial trend in the home construction industry.

Slower housing starts are also creating expenditure savings as resources are shifted to align with actual development demands. Specifically, two staff positions included in the 2024 OBC budget are not expected to be hired this year. In addition, the budgeted transfer to the OBC reserve will not materialize as planned, due to lower revenue than budget. The 2025 OBC budget reflects a \$1.2 million decrease in revenue, the deferral of new 2025 staff positions to 2026 and a decreased transfer to the OBC reserve which currently maintains a healthy balance. Revenue budgets were adjusted in the 2024 budget process to reflect the housing pledge target of 18,000 units by 2031. At the time, an average of 1,100 additional units annually was assumed. In the 2025 Budget Update, this number is reduced by 700 units per year and is based on the slower pace of new construction and a significant decrease in the building of multi-unit residential construction.

The Planning department projects a year-end surplus of \$1.7 million resulting from vacancy savings from the recruitment challenges identified above, partially offset by over expenditure on consulting fees to maintain service delivery.

### **Environmental Services – Solid Waste Services**

A surplus of \$2.4 million is projected by year-end due to more revenue than budgeted related to the reimbursement allocation from Blue Box producers for the sale of recyclable materials. Given the anticipated transition to full-producer responsibility for recycling services in 2025, staff have not adjusted the revenue budget to address this trend. Transfer Station revenue is also trending higher than projected due to an increase in tonnages received. The additional revenue also serves to offset increased landfill disposal costs. The 2025 Budget Update compared with the 2025 adopted budget includes additional revenue of \$1.4 million of which \$837 thousand is for the final payment from the Province of Ontario for the Blue Box producers grant, \$300 thousand is for the sale of carbon credits and \$250 thousand of user fees.

### **Environmental Services – Water and Wastewater Services**

Water Services are projecting an \$816 thousand deficit to year-end. New housing starts projected in the budget did not materialize as expected and a wet summer combined with the Cargill shutdown due to a strike at the beginning of the year resulted in lower water consumption. Also contributing to this deficit are costs related to unplanned clean-up costs associated with a diesel spill combined with larger scope operations workload including equipment replacements, and decommissioning activities.

Wastewater Services projects an \$850 thousand surplus driven by compensation savings.

## **Engineering and Transportation Services – Stormwater**

Stormwater projects a positive year-end variance of \$790 thousand due to a greater number of Equivalent Residential Units (ERUs) in the city than the rate model estimates resulting in surplus revenue.

Stormwater ERUs were updated in the 2025 budget resulting in a year over year budget increase of \$2.1 million in user fees.

## **Culture and Recreation**

Staff project a year-end deficit of \$325 thousand despite higher than budgeted revenues in product and ticket sales. Budget pressures are seen in purchased goods such as food and beverages and purchased services such as building maintenance activities due to inflationary pressures. Additionally, compensation deficits are driven by additional part-time staffing requirements to support events and to address legislative requirements for inclusion support and programming. The 2025 budget update includes a year-over-year increase of \$620 thousand to help address inflationary pressures in purchased goods and services.

## **Guelph Transit**

Q3 projections to year-end indicate a surplus of \$2.5 million driven by higher than budgeted revenue resulting from higher enrollment at the University of Guelph and Conestoga College. Staff also anticipate transit ridership to exceed pre-covid levels in 2024 resulting in surplus farebox revenue. Further, due to service expansion pauses and reevaluation, compensation-related surpluses continue to offset the challenges in maintaining minimum transit operator staffing levels to date. The 2025 budget update includes additional budget for fare revenue.

## **Fire Services**

Fire Services projects an overall year-end deficit of \$1.4 million. Fire services budget risks align with previously noted corporate drivers including use of overtime to maintain minimum staffing requirements, and vehicle maintenance and repairs pressures in 2024. Fire services responded to multiple large fires to date resulting in increased costs to maintain bunker gear. Further, as previously reported as part of the Q1 report, there is a one-time cost overrun related to a radio communication vendor billing issue.

## **Guelph Wellington Paramedic Services**

Q3 results indicate paramedic budgets are trending to end the year with a deficit of \$2.5 million (City \$1.6 million, County \$940 thousand) due to several areas of risk continuing to apply pressure in 2024. Similar to 2023, overtime and temporary salary costs are trending higher than budgeted due to the need to address permanent position vacancies related to short-term leaves. The projected deficit includes pressures in vehicle and building repairs due to delays in replacement ambulances and aging facilities. Additionally, even with an increased budget for inflationary pressures, medical supplies and drug costs have drastically increased due to shortages across the country. The City's main supplier was impacted by Hurricane Helene and has stopped production resulting in further budget pressures in this area. Staff uniform costs have increased due to hiring and replacement needs. The Province has provided final reporting on COVID grants received as well as the Dedicated Offload Nurses grant and the City will repay \$360 thousand which is also contributing to the overall deficit.

The Paramedics Services 2025 budget update includes \$100 thousand to address inflationary impacts in operating expenses and updated Land Ambulance Services Grant revenue.

### **City Clerk's Office**

The Clerk's Office projects a year-end surplus of \$490 thousand driven by strong Committee of Adjustment fee collections, compensation savings while the GM is on secondment and software licensing fees lower than anticipated. The 2025 budget update includes additional user fee revenue.

### **Legal and Courts Services**

Legal Services projects a year-end deficit of \$128 thousand. Budget savings in compensation due to vacancies will partially offset consulting budgets which are projected to be overspent at year-end. This is due to the need for external counsel as well as planning and other non-legal professional consultants relating to Ontario Land Tribunal matters.

Court Services projects a year-end surplus of \$220 thousand. This is due to a minor revenue surplus relating to POA and parking fine revenue combined with compensation vacancy savings and lower than budgeted joint processing fees for automated fine systems.

### **Shared Services – Social Services**

[The City's 2024 Social Services](#) budget was developed to align with the County of Wellington budget and forecast, moving away from the historical practice of underbudgeting in this area. This budget change is being phased in over the four-year period. The 2024 phase-in reduction of \$4.2 million is a known budget risk, and actual year-end results are dependent on County spending. This risk was planned and mitigated by the expected surpluses as described in the general revenue and expenditure sections. The 2024 budget for social services was prepared based on the preliminary County budget, and final budget approval in January increased the budget gap by \$900 thousand for 2024.

The County projects an operating deficit of \$30 thousand for the City overall for all three social services, with projected surpluses in Ontario Works and Children's Early Years offsetting a projected deficit for Social Housing. Within Social Housing, surpluses in grants and subsidies, rent revenue, and compensation are offsetting deficits on the supplies and materials and purchased services, largely driven by additional costs to support the operations of the Norfolk temporary accommodation site and winter shelter response. This is based on the best-known information at the time of writing. Final year-end results may be influenced by the ongoing priority to support people experiencing homelessness through the winter months.

The Q3 service reconciliation billing also resulted in an additional \$475 thousand City contribution related to in-year adjustments to capital budgets.

This current projection translates into a projected year-end deficit of \$5 million compared to the City's budgeted amount for Social Services. This deficit considers the planned phase in, the [County of Wellington Variance Projections as of September 30 report](#), the impact of the timing of City and County budget approvals, and the City portion of budget adjustments communicated through the Q3 reconciliation package.



## **General Corporate Expenditures**

Higher than budgeted interest on investments combined with savings in tax assessment appeal costs is driving the \$2.7 million year-end surplus projection.

Investment interest budgeted in the 2024 budget was based on long-term expected investment returns to manage the variability currently being experienced, and therefore, a surplus on this line was projected in 2024. This approach has also been updated in the 2025 budget update, with interest income projected based on interest rate forecasts, with interest income in excess of the long-term projection being transferred to reserve. The opportunity for a surplus is also expected for tax assessment claims due to the timing of the assessment cycle. Assessment appeals were not adjusted for through the 2024 budget as the entire amount will be required when the assessment cycle phase-in resumes. These two expected budget surpluses were used strategically to offset the Social Services budget deficit over the 2024-2027 multi-year budget period.

## **General Human Resources**

A year-end projected deficit of \$400 thousand due to higher than budgeted legal fees and additional bargaining negotiations costs due to the timing and volume in 2024 (IATSE, ATU, CUPE).

## **Capital Budget**

The capital budget carried over from 2023 was \$473.1 million, in addition to a Council adopted 2024 budget of \$208.7 million. Capital budget additions and adjustments made throughout 2024 up to the end of the third quarter resulted in a net budget reduction of \$20.4 million. This includes the increase in the capital budget due to the addition of grant revenue and budget reductions made as a result of an in-depth 2023 year-end review process. This provides for a total available budget in 2024 of \$661.4 million. A summary of capital activity to the end of the quarter is included in Attachment-1 2024 Capital Spending. Capital budget adjustments made in this quarter can be found in Attachment-2 Q3 2024 Capital Budget Adjustments.

In March, staff undertook an extensive project level review of uncommitted balances that would carry-over to 2024. This was a similar process to the capital prioritization exercise undertaken in 2022. Through this review, \$19.5 million was reduced across the capital program and returned to the reserve funds.

Total capital spending to the end of Q3 was \$109.3 million which was \$33.9 million more than the same time last year. At the end of Q3, there was \$287.7 million in issued POs which was \$96.2 million more than the same time last year.

On September 30, 2024, the uncommitted approved budget which is yet to be executed was \$264.3 million which was \$63.9 million less than the same quarter of 2023. A significant contributor to this is the progress on the Baker District, South End Community Centre, and FM Woods Treatment Plant.

Due to the integrated nature of many departmental capital budgets, and to enhance understandability of the budget outcomes, the capital program is categorized by program of work. Within each program of work, projects are further categorized by subprogram of work. Reporting includes project level comments for the three highest spends by program of work, limited to those projects greater than

\$150,000. Additionally, reporting includes project level comments for the three highest uncommitted projects.

In accordance with project management standards implemented by the Project Management Office, capital projects that are highly complex, non-routine, and financially significant with budgets greater than \$10 million are identified as Tier 1 projects. See the [City's capital projects webpage](#) for detailed quarterly updates on Tier 1 projects. Based on the most recent quarterly reporting, these projects are all within their original or revised budget, schedule, and scope.

### **Corporate Facilities, Public Works and Bylaw**

This program of work includes the following subprograms: Administration Facilities and Vehicles and Equipment. There are a total of 23 projects that account for 11 per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$3.7 million with another \$60.9 million in PO commitments as of September 30, 2024. Remaining to be executed is \$6.1 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (LB0028) New Central Library (\$57.2 million) – quarterly updates on the new Central Library can be found through its [Tier 1 capital project webpage](#), the project is currently within scope, on schedule and within budget. The underground parkade structure and waterproofing is over 70% complete and the library's first floor slab has been poured. The concrete structure will continue to be poured over the rest of 2024 and much of 2025.
- (GG0245) Administration Facilities Renewal (\$5.0 million) – corporate building maintenance work such as the maintenance, inspection and certification of life and fire systems, elevators, generators and boilers as well as emergency repairs to City Hall's main back-up generator. Workspace optimization initiatives are also underway.
- (RD0401) Public Works Vehicle and Equipment Replacement (\$1.3 million) – order has been placed for the replacement of two end of life dump trucks (heavy pick-up truck with dump body) with delivery expected in Q2 2025. In addition, two heavy dump trucks equipped with winter control equipment are on order to replace existing units. These units will have the ability to switch to summer seasonal use which will increase their utilization rates.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (LB0028) New Central Library (\$2.9 million) – uncommitted is mainly for furniture, fixtures and equipment upon completion of construction.
- (CS0004) Court Services Facility Renewal (\$1.9 million) – budget to be spent on foundation restoration of the historic Provincial Offences Act building.
- (GG0245) Administration Facilities Renewal (\$0.8 million) – additional spending is planned on corporate building maintenance, design work for renovations at the Annex Building including masonry and windows, replacement of the City Hall fire alarm system, Lawn Bowling Club renovations as well as work on other corporate assets.

## Corporate Plans, Programs and Technology

This program of work includes the following subprograms: Brownfield Renewal, Plans, Studies and Programs and Technology Initiatives. There are a total of 95 projects that account for nine per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$8.5 million with another \$15.3 million in PO commitments as of September 30, 2024. Remaining to be executed is \$36.0 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (SS0025) Baker Street Development (\$6.6 million) – project includes costs related to the entire Baker Street Development and includes consulting, counsel, and other specialist fees for the execution and management of the overall development project, along with disbursements for site servicing.
- (IT0061) Fibre Data Connection (\$4.1 million) – construction continues in 2024 on the remainder of Ring 1 – east and northward from City Hall (approximately 79 per cent completed), Ring 2 – west and northward from City Hall (approximately 15 per cent completed) and Ring 3 – south of City Hall (approximately 52 per cent completed). Additionally, 15 City-owned facilities have been cutover onto the new fibre network so far and approximately 63 traffic signals have been connected. Staff are targeting completion of this project for the end of 2026.
- (PN2439) Enterprise Resource Planning (ERP) Program Implementation (\$3.1 million) – implementation of the replacement for the existing work order, asset management and procurement system is underway. In addition, change management engagement for the program has begun which will enable successful adoption.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (PN2439) ERP Program Implementation (\$6.0 million) – majority of uncommitted is planned for project resources to continue supporting the implementation including change management activities to enable change readiness across the organization. Once fully implemented the new maintenance management system will become the asset management system of record and will integrate with the City's financial system. Upgrades to procurement processes and continued change management will round out the implementation.
- (EO0003) Historical Landfill Investigation (\$3.4 million) – work that was planned for 2024 has been delayed due to staffing shortages, however it is anticipated that the majority of this budget will be committed in 2025 for work at several sites that will improve our understanding of any potential environmental risk with the objective of protecting public and environmental health and safety. Results will be shared with the Ministry of Environment, Conservation, and Parks (MECP) with the goal that these landfills may be deemed closed by the MECP.
- (EO0002) Fountain Street Environmental Investigation and Remediation (\$2.6 million) – procurement for environmental investigative and monitoring work is expected by the end of the year and will commit a large portion of

the budget. Work includes installation and operation of multi-phase extraction wells as well as the installation and sampling of additional soil vapour probes and sampling of the existing ground water monitoring well.

## **Culture and Recreation**

This program of work includes the following subprograms: Buildings, Vehicles and Equipment, and Public Art and Cultural Initiatives. There are a total of 20 projects that account for 18 per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$26.8 million with another \$86.2 million in PO commitments as of September 30, 2024. Remaining to be executed is \$8.7 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following:

- (RF0093) South End Community Centre Construction (\$109.7 million) – as a [Tier 1 capital project](#), status updates are provided quarterly, at the end of the quarter the project was within scope, on revised schedule and within revised budget. Erection of structural steel continues and some areas have seen exterior walls framed and concrete flooring poured. Interior block walls are being completed in some areas. The Aquatics centre lap pool slab and deep end walls have been poured and bleachers installed. The second-floor multi-purpose room walls are also being installed.
- (RF0095) Recreation Facilities Renewal (\$1.9 million) – West End Community Centre (WECC) roof replacement, Victoria Road Arena roof replacement, floor replacement at Evergreen Senior Centre, Centennial Arena condenser replacement and arena wall structural repairs at WECC are underway or completed.
- (CT0008) Culture Facilities Renewal (\$695 thousand) – 2024 spending and commitments relate to masonry/structural renovations at the Farmers Market and architectural services for renovations to the seating/flooring at the River Run Centre. The PO for humidification upgrades at the Civic Museum and window and sealant replacement at River Run Centre have also been issued.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (RF0095) Recreation Facilities Renewal (\$2.6 million) – relocation of the pottery program to WECC and Evergreen Seniors Centre washroom renovations are still to be executed out of this account along with numerous other renewal projects at recreation facilities.
- (CT0008) Culture Facilities Renewal (\$2.4 million) – additional commitments are planned for the above-mentioned projects as well as HVAC replacement at Sleeman Centre and replacement of the fixed theatre seating at River Run Centre.
- (RF0093) South End Community Centre Construction (\$1.3 million) – budget remaining is allocated for project contingency representing one per cent of the total budget which is less than typical for a project of this size. The facility is expected to open in the second half of 2026.

## Emergency Services

This program of work includes the following subprograms: Fire Services and Paramedic Services. There are a total of 25 projects that account for two per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$5.4 million with another \$6.5 million in PO commitments as of September 30, 2024. Remaining to be executed is \$1.9 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (FS0089) Heavy Fire Vehicle Replacement Pumper/Aerial (\$3.0 million) – tender for two trucks has been awarded and PO issued.
- (PM0015) Paramedics Facility Replacement – Elmira Road Station (\$2.9 million) – land acquisition has been completed in Q3.
- (PM0010) Paramedic Vehicle Replacement (\$2.2 million) – three replacement ambulances are on order with deposits paid in 2023. The 2024 order to replace six end of life ambulances has been issued. A paramedic support vehicle was written-off in a vehicle accident in September and had to be replaced. The amount of insurance recoverable is currently unknown but it is likely that this will fall short of the replacement cost and result in a budget pressure that will need to be funded in Q4.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (FS0091) Fire Dispatch Phone System NG-911 (\$1.5 million) – work on the transition to the NG-911 system continues in 2024. This project is supported through a provincial grant from the Ministry of the Solicitor General. In the [2023 Year-end Capital Budget Monitoring Report](#), Staff noted possible budget risks based on the grant spending timelines. Staff have submitted the City's Phase 3 application, however, the amount eligible to be claimed under project support has been significantly decreased from Phase 2. The Province expects that funding decisions will be made in December 2024.
- (PM0002) Paramedics Vehicles Growth (\$624 thousand) – procurement is expected to begin by the end of the year.
- (FS0054) Fire Facilities Renewal (\$571 thousand) – will be spent on Imperial Road dorm renovations and self-contained breathing apparatus installations with any remainder carried over to 2025 for various fire station building renewal needs.

Interior renovations at Clair Road Emergency Services Centre were budgeted through PM0001 Paramedics Facility Renewal in 2024 (\$330 thousand). Tenancy agreements were subsequently established between Guelph Police, Guelph-Wellington Paramedic Service and Guelph Fire which have resulted in changes to the use of certain spaces within the building and scope changes to the project. This work is being coordinated with current renovations underway which were required for the 911 backup centre (budgeted through FS0054 Fire Facilities Renewal and PS0109 Communication Equipment 911 Dispatch (Police)). Additional budget in the amount of \$448 thousand is being requested to complete interior renovations for Paramedic Services that includes integration of new and existing areas now for efficiency and to avoid a future construction phase. Given the unique funding

sources of the project (37 per cent from the Paramedic Services Provincial Capital reserve fund #360 and the remainder split 62 per cent City (Infrastructure Renewal #150) and 38 per cent County) a budget reallocation is unable to be completed using existing project budgets. However, on the expenditure budget side, the approved capital budget will be reduced (through budget surpluses in GG0234 Structural Assessments and RF0095 Recreation Facilities Renewal) to ensure this is a net zero budget adjustment and rather only adjusting the approved funding sources.

## **Parking and Transit Services**

This program of work includes the following subprograms: Parking Services and Guelph Transit. There are a total of 29 projects that account for 10 per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$23.4 million with another \$22.7 million in PO commitments as of September 30, 2024. Remaining to be executed is \$21.6 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (PG0079) Baker Street Parkade (\$13.8 million) – updates on this [Tier 1 capital project](#) are provided quarterly, and it is currently within scope, on schedule and within budget. The underground parkade structure and waterproofing is over 70% complete.
- (TC0070) Bus Electrification – replacement (ICIP-GUE-04) (\$13.2 million) – a total of three zero emission buses have been received in Q3 2024 and a total of six zero emission buses are on order to replace end-of-life diesel buses (estimated delivery Q2 2025). As mentioned in the Q2 Budget Monitoring Report, supply chain disruptions, labour shortages and inflation fluctuations have led the supplier to request price increases for buses on order and discussions with the vendor are ongoing. Future bus purchases are expected to include a substantial price increase, and future plans will need to be adjusted. Staff will review and consider the options discussed in Transit Electrification Audit report dated September 17, 2024 to determine next steps.
- (TC0059) Guelph Transit and Fleet Services Facility (ICIP-GUE-03) (\$8.3 million) – updates on this Tier 1 capital project can be found [here](#), and it is currently within revised scope, on schedule and within revised budget. Facility design services are underway and construction management services have been obtained. The construction of this project is budgeted in 2026, and an update on the design and plan will be brought to Council in Q2 of 2025 ahead of the 2026 budget update.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (TC0070) Bus Electrification – replacement (ICIP-GUE-04) (\$11.0 million) – the 2024 budgeted order for zero emission buses to replace end-of-life diesel buses has not yet been placed.
- (TC0092) Route Review – Year 4 (ICIP-GUE-01) (replaced TC0064-011) (\$2.7 million) – the implementation of on-demand Sunday service began September 1, 2024. As noted above, bus acquisition for the service

enhancement is pending and the existing fleet is being utilized for this service. Additional work is underway to evaluate and consider options for the City's bus acquisition plans.

- (PG0066) Parking Facility Renewal (\$2.3 million) – Currently in the planning stage for structural repairs and maintenance to the East and West Parkades, it is expected that the budget will be spent in 2025.

### **Parks and Open Spaces**

This program of work includes the following subprograms: Buildings and Structures, Natural Heritage Assets, Parks, Playgrounds, Splashpads, Plans, Studies, Sports fields, Amenities, and Vehicles and Equipment. There are a total of 45 projects that account for three per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$6.5 million with another \$3.7 million in PO commitments as of September 30, 2024. Remaining to be executed is \$11.5 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (PK0130) Playground Equipment Replacement (\$2.3 million) – the 2023 lifecycle replacement program includes Dovercliffe Park, Howitt Park, and University Village Park. Dovercliffe Park and Howitt Park are now completed, and University Village Park will be completed shortly.
- (PO0045) Parks Vehicles and Equipment Replacement (\$2.3 million) – purchase of replacement vehicles and equipment including a utility work machine, forklifts, tractors and a trailer mounted water tank. Additional replacement vehicles and equipment are on order including an aerial truck.
- (PO0048) Riverside Park Revitalization (\$1.4 million) – construction is now completed to renew and revitalize the bandshell and washroom building as well as a new sanitary connection and trails. Project closeout will begin once all holdbacks are released.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (PK0120) Baker District Open Space (\$2.1 million) – construction on this component of the Baker District is expected in 2025 through 2026.
- (PK0180) Parkland Acquisition (\$1.5 million) - this project enables the City to purchase land to meet the objectives of the Guelph Park Plan, which is part of the larger Parks and Recreation Master Plan.
- (PK0130) Playground Equipment Replacement (\$1.3 million) – round one of community engagement for the 2024 program has been completed. Next steps in the engagement process can be followed through the [Have Your Say Guelph](#) website. The budget is expected to be spent in 2025 for replacement of playground equipment at Colonial Drive Park, Holland Crescent Park and Highview Park.

### **Solid Waste Services**

This program of work includes the following subprograms: Plans, Studies and Programs, Plant and Buildings, and Vehicles and Equipment. There are a total of 24 projects that account for two per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$1.2 million with another \$3.2 million in PO commitments as of September 30, 2024. Remaining to be executed is \$6.7 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (WC0039) Solid Waste Fleet Assets Replacement (\$2.1 million) – four replacement waste collection trucks are on order with anticipated delivery in Q2 2025. Two light duty replacement trucks are also on order.
- (WC0042) Organic Waste Processing Facility Asset Replacement (\$843 thousand) – tender awarded for the replacement of the supervisory control and data acquisition (SCADA) control system, PO should be issued by the end of 2024.
- (WC0052) Food Waste Initiative (\$372 thousand) – work is underway to continue the third and final phase of the Food and Food Waste Flow project supported by the award of a \$500 thousand grant from Federation of Canadian Municipalities.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (WC0042) Organic Waste Processing Facility Asset Replacement (\$2.4 million) – budget will be committed in 2024 for various work including floor coating replacement, lighting retrofits, concrete repairs and additional SCADA costs.
- (WC0041) Materials Recovery Facility (MRF) Asset Replacement (\$754 thousand) – Tender has been released to decommission and prepare the MRF for its future uses once the recycling services are transferred in 2025.
- (WC0023) Waste Resource Innovation Centre Site Asset Replacement (\$591 thousand) – budget will be committed in 2024 to sanitary and sewer upgrades, a comprehensive site plan and site asphaltting.

## **Transportation Network**

This program of work includes the following subprograms: Bridges and Structures, Full Roadway and Underground Construction, Plans, Studies and Programs, Traffic Management and Trails, Sidewalks and Active Transportation. There are a total of 133 projects that account for 23 per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$16.9 million with another \$28.1 million in PO commitments as of September 30, 2024. Remaining to be executed is \$110.2 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (PN0271) York Road Reconstruction – Stevenson Street South to Victoria Road (\$8.4 million) – construction is underway with anticipated substantial completion in 2024 and final paving in 2025.
- (RD0376) Silvercreek Parkway Speedvale to Woodlawn Rd Protected Bike Lanes (\$4.5 million)- construction of Phase 2 (Campbell Road to Speedvale Avenue) is currently underway. Phase 1 (Woodlawn Road to Campbell Road) is expected to reach substantial completion by the end of 2024.



- (PN0097) Speedvale Road Reconstruction – Woolwich to Metcalfe (\$4.2 million) – Phase 1 is expected to be completed by the end of 2024. Design work is underway for Phase 2 Guelph Junction Railway (GJR) tracks east of Speedvale/Woolwich intersection to Riverview Drive and is expected to go out for tender in 2025 (future proposed budget) for 2026 construction. Phase 3 Riverview Drive to Manhattan Court is in detailed design with construction anticipated to be tendered in 2027 (future proposed budget). A map of the phasing of this project can be found [here](#) for further information.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (RD0379) College Avenue Protected Bike Lanes (ICIP-GUE-05) (\$12.4 million) – it is anticipated that procurement for phase 2 will happen in Q1 2025 and phase 3 later in 2025. More information on this project can be found [here](#).
- (PN0110) York Road Reconstruction – Victoria Road South to Watson Parkway (\$11.0 million) – currently in the design phase with tendering of the construction contract anticipated by the end of 2024 which will commit the majority of the budget.
- (PN0142) Gordon St. Widening – Lowes to Edinburgh (\$9.7 million) - The construction tender to twin the storm sewer on Lowes Rd to address on-going flooding issues has been issued with construction expected in 2025. Procurement for Gordon St. widening work is set to begin in 2025 which will commit the remaining budget.

## **Water Management**

This program of work includes the following subprograms: Plans, Studies and Programs, Vehicles and Equipment, Stormwater Ponds and Structures, Wastewater Plant and Equipment, and Water Buildings and Wells. There are a total of 90 projects that account for 20 per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$13.7 million with another \$58.8 million in PO commitments as of September 30, 2024. Remaining to be executed is \$58.7 million of the budget.

The top project expenditures by value (total 2024 spending and commitments at the end of the quarter) occurred in the following accounts:

- (WT0064) FM Woods Station Upgrade (\$40.9 million) – The General Contractor has mobilized to the site and construction continues with steady progress. The work to relocate the electrical service to the facility was coordinated and successfully completed through the local utility. The contractor is progressing through shoring and earthworks to protect existing buried infrastructure during construction.
- (ST0014) Digester Structural Repair and Gas Proofing (\$4.8 million) – the tender for the refurbishment and structural upgrades to Digester 4 tank has been awarded and work has commenced with an expected completion date in the first quarter of 2025.
- (WT0040) Facility Upgrades and Studies (\$2.8 million) – various facility work and studies are underway including generator system upgrades for TSSA

compliance, well inspection and rehabilitation and hydraulic and hydrologic modelling.

Projects that have the largest uncommitted balances yet to be executed include the following:

- (WT0064) FM Woods Station Upgrade (\$8.8 million) – uncommitted includes construction contingency for the booster pumping station along with the purchase of pumps and a generator which is outside the scope of the construction tender.
- (ST0003) Biosolids Facility Upgrade (\$8.0 million) – the tender for design and construction administration is expected to be awarded by the end of 2024.
- (ST0043) Tertiary Treatment Process (\$5.3 million) – the PO was issued for design and construction administration in October, committing the majority of this budget in Q4 2024.

### **Other Boards and Agencies**

This program of work includes the following subprograms: Guelph Public Library and Guelph Police Services. There are a total of 33 projects that account for one per cent of the total capital program (by available budget).

Capital spending in 2024 within this program of work was \$3.2 million with another \$2.3 million in PO commitments as of September 30, 2024. Remaining to be executed is \$3.1 million of the budget.

Information on these capital projects is available through reports made to their respective boards.

### **Capital Revenues**

#### **Development Charges**

##### Collections

DC collections up to the end of September 30, 2024 were \$10.8 million, which is 23.3 per cent of budgeted collections (\$46.7 million). DC collections are projected based on the growth forecast and rates outlined in the City's [2023 DC Background Study](#). Actual DC collections are linked to the timing of building permits being issued for development or redevelopment. It should be noted that the City's forecasts were not adjusted to account for the slowdown in construction activity in the current economic environment.

##### Exemptions and Discounts

DC exemptions and discounts were initially estimated to be approximately \$26 million in 2024, which included the cost of the DC rate phase in under the new by-laws. To promote affordability, and since the phase-in provision applied only for the first five years of the by-law, a long-term perspective was taken to budget for exemptions and discounts. This approach involved gradual increases in the budgeted annual transfers as outlined in the [Growth Strategy](#). The DC rate phase in was removed on June 6, 2024 when the *Cutting Red Tape to Build More Homes Act, 2024* (Bill 185) received royal assent. Furthermore, the affordable housing exemptions implemented through the *More Homes Built Faster Act, 2022* (Bill 23) came into effect on June 1, 2024. The affordable housing exemption had not been included in the MYB analysis as the Province had not proclaimed the provision at the time it was prepared. The Affordable Housing Bulletin governs eligibility for a

portion of these exemptions, and the uptake in 2024 for these exemptions is expected to be fairly limited. However, there are also exemptions provided for non-profit housing that are provided based on the legal status of the builder, and there are exemptions under that stream in 2024 to date. Over the longer-term, if the City achieves its affordable housing targets, the costs of DC exemptions for affordable housing will significantly exceed the savings from eliminating the phase-in.

The value of exemptions and discounts funded in the year are compared to the annual transfer to understand the budget impact. The cost of DC exemptions and discounts must be covered by the City through transfers from taxes (Growth Reserve Fund 156) and rates (Water, Wastewater, and Stormwater capital reserve funds, 152, 153 and 165 respectively) to the various DC reserve funds.

The 2024 budget for DC exemptions and discounts is \$7.9 million, and actual exemptions to the end of Q3 are \$8.7 million (110.2 per cent of budget). The breakdown of this total, by exemption, is provided in **Table 1** below. 83 per cent of the exemptions and discounts in 2024 to date are for ADUs compared with 54 per cent in 2023. Staff will continue to monitor trends and assess if changes to the [Growth Strategy](#) are required, but have recommended staying the course on the MYB strategy for the 2025 budget update.

**Table 1 - DC Exemptions and Discounts**

Exemption	Basis for exemption	Q1 2024	Q2 2024	Q3 2024	Year-to-Date
Additional dwelling units	Legislated	1,664,674	2,643,224	2,937,522	7,245,420
Industrial expansions	Legislated	-	-	12,246	12,246
Non-profit housing corporation	Legislated (Bill 23)	748,778	-	-	748,778
Rental housing discounts	Legislated (Bill 23)	-	-	-	-
Phase-in	Legislated (Bill 23)	12,963	111,192	-	124,155
Category of owner	City by-law	82,483	201,973	303,585	588,041
Total		2,508,898	2,956,389	3,253,353	8,718,640

Bill 185 also reversed the removal of growth studies as a DC eligible expense. Staff prepared an update to the DC By-law to re-add Growth Studies under the minor amendments process allowed for in the transitional provisions under Bill 185, which was recommended to and approved by Council on November 13, 2024.

**Grants**

The Canada Community-Building Fund (CCBF) and the Provincial Gas Tax are the only two sustainable grant streams utilized within the capital budget. In 2024 the City will receive \$9.0 million from CCBF and \$3.0 million in Provincial Gas Tax funding. In early October, the City was notified that we are set to receive an additional \$130 thousand in 2024 from CCBF due to the distribution of the Fund’s

surplus in administration funds. The CCBF and Provincial Gas Tax are held in obligatory reserve funds and allocated on an annual basis to eligible projects in lieu of other property tax sources.

In addition to grants approved in prior years, the 2024 capital budget also includes one-time grant funding for the following projects:

- (LB0028) New Central Library – \$13.5 million was received from the Green and Inclusive Community Buildings Program through Infrastructure Canada to help support the construction of the new central library.
- (GG0285) ZEVIP Electric Charging Initiative – \$420 thousand was received through the Zero Emission Vehicle Infrastructure Program (ZEVIP) from the Department of Natural Resources for electric chargers to support the transition of the corporate fleet to zero emissions electric vehicles.
- (WC0052) Food Waste Initiative – \$500 thousand was received from the Green Municipal Fund Grant through the Federation of Canadian Municipalities to support the City in developing a two-year pilot project that focuses on the collection, redirection, and energy recovery of food waste in the institutional, commercial, and industrial sectors.
- (PS0112) Preventing Auto Theft Program – \$123.8 thousand received from Ministry of the Solicitor General.

The 2024 capital plan also includes funding received from Infrastructure Canada for the Investing in Canada Infrastructure Program (ICIP). The program extends to 2033, and funds have been allocated to four key projects:

- ICIP-GUE-01 Bus Fleet Expansion (Transit Route Review)
- ICIP-GUE-03 Transit Operations Facility and Charging (Transit portion of the Guelph Transit and Fleet Services Facility)
- ICIP-GUE-04 Bus Electrification – Replacement
- ICIP-GUE-05 Cycling Network

ICIP funding has been allocated to the following projects in the 2024 capital program:

- (RD0379) College Avenue Protected Bike Lanes (ICIP-GUE-05)
- (TC0070) Bus Electrification – Replacement (ICIP-GUE-04)
- (TC0092) Route Review Year 4 (ICIP-GUE-01)

The City has been awarded \$21.4 million from the Housing Accelerator Fund through the Government of Canada to undertake eight initiatives which will help accelerate more housing in the community. This funding will be received in four equal instalments of \$5.3 million from 2024-2027. Receipt of the final instalment is dependent on the City accelerating the issuance of building permits and achieving a housing supply growth target of 3,657 permitted housing units, or 739 units above the historical average. A total of \$3.1 million has been allocated to the 2024 budget with the remainder to be allocated in the 2025 and 2026 program years. In 2024 the following has been allocated:

- \$1.0 million to (IT0123) Planning Digital Transformation – E-Permitting
- \$100 thousand to (IT0124) Planning Digital Transformation – Community Improvement Plan
- \$276 thousand to (PG0099) Transportation Demand Management Action Plan
- \$325 thousand to (PL0081) Housing Affordability Strategy

- \$200 thousand to (PL0082) Inventory and Evaluative Framework for the Disposal of City and County Owned Lands
- \$200 thousand to (PL0083) Accessory Dwelling Unit Grant Program
- \$200 thousand to (PL0084) Encourage Missing Middle Units in Existing Neighborhoods
- \$493.5 thousand to (PL0085) Community Planning Permit System Pilot
- \$275 thousand to (PL0086) Affordable Housing Demonstration Project

The City has been awarded \$4.7 million from the Building Faster Fund through the Province as a result of meeting its 2023 housing target. This funding was allocated in the 2024 capital plan for the Road Restoration and Resurfacing Program (RD0483, \$3.7 million), and the York Road project (PN0271, \$955 thousand). This is a three-year funding program (2023-2025) with potential for Guelph to receive additional funds in 2024 and 2025 if targets are met. 2024 progress to date is being tracked by the Province. As of October 25, 2024, Guelph is at 51.2 per cent of the 2024 target of 1,500 housing units.

The City has also been awarded the following grants which will be added to the capital program in subsequent periods:

- FedDev Tourism Growth Program: The City received \$175 thousand from Federal Economic Development Agency for Southern Ontario to support the construction of the Woodlawn to Woolwich Multi-use Trail (PK0224). This project and funding is included in 2025 in the 2025 budget update.
- Housing-Enabling Water Systems Fund (HEWS): The City received \$2.1 million from the Ontario Ministry of Infrastructure to support housing-enabling water and wastewater infrastructure. This will be applied to the Wyndham-Wellington Water and Wastewater Capacity Improvements project in 2025 (PN0807).

The City has also expressed interest and sought participation in the Canada Public Transit Fund (CPTF). The CPTF will provide up to \$3 billion in annual funding for public transit and active transportation infrastructure through two available streams: (1) Baseline funding, and (2) Metro-Regional Agreements (MRA). Staff submitted an Expression of Interest (EOI) to determine eligibility for the baseline funding stream, which is intended to provide predictable, long-term funding to support public transit and active transportation system expansions, improvements, and maintenance. The EOI has been approved, although funding allocations are not known at the time of this report. The City has also been invited as a partner in the Ministry of Transportation's MRA process in collaboration with other municipalities across the Greater Golden Horseshoe. It is expected that an average of \$2 billion per year over 10 years will be made available through MRAs across the country, for a total of \$20 billion. Throughout Q4 2024 and into 2025, the City will be participating in an EOI process for this funding stream, and will be contributing to the MTOs interregional plan which will inform investments and funding.

The following grant applications totaling \$42.8 million have been submitted and we are currently awaiting decisions from the funders:

- \$95 thousand from Employment and Social Development Canada's Enabling Accessibility Fund for increasing accessible seating at Hastings stadium.
- \$3.3 million from the Ministry of the Solicitor General for the third phase of transition funding support for Guelph Police and Fire for the Next Generation 9-1-1 program.

- \$120 thousand from the Ministry of the Solicitor General for enhancing firefighter safety through the Fire Protection Grant.
- \$110 thousand from Natural Resources Canada for the next installment of the Zero Emission Vehicle Infrastructure Funding Program, to support fleet electrification.
- \$14.1 million in eligible funding from the Municipal Housing Infrastructure Program for the Housing-Enabling Core Services (HECS) program. This grant supports municipalities to build, maintain, and repair municipal roads, bridges, and culverts with the goal of unlocking new housing opportunities. The City has submitted the Downtown Infrastructure Renewal Program project - Wyndham Street from Wellington Street to Woolwich Street, for consideration.
- \$8.0 million from Housing Infrastructure and Communities Canada (HICC) for the Green and Inclusive Buildings (GICB) program, for energy retrofits and inclusivity upgrades to the River Run Centre.
- \$613 thousand for the Green Municipal Fund's Growing Canada's Community Canopies grant.
- \$1 million from the Community Sport and Recreation Infrastructure Fund (CSRIF), Repair and Rehabilitation Stream, for rehabilitation of the Lyon Outdoor Pool.
- \$10 million from the Community Sport and Recreation Infrastructure Fund (CSRIF), New Builds Stream, for value-added enhancements of the South End Community Centre.
- \$215 thousand from Canadian Heritage for the Museums assistance program, for the Where the Rivers Meet Exhibition.
- \$2.2 million from Health Canada for the Emergency Treatment Fund stream to support the Health Outreach and Mobile Engagement (HOME) team in response to the overdose crisis in the City of Guelph and the County of Wellington.
- \$3 million from the Ministry of Transportation's Connecting Links program for York Road Phase 4 construction.

## **Financial Implications**

Ongoing monitoring of operating and capital spending ensures projects and services are delivered as intended and that any financial impacts or risks are addressed proactively.

Staff will continue to monitor the impact of variances identified in this report to protect the City's long-term sustainability. Identifying potential risks and implementing mitigation strategies early reduces the reliance on the City's contingency reserves at year-end. As reported in the 2025 Budget Update, the City's tax supported contingency reserves were projected to fluctuate between 15 and 24 per cent of target from 2025 to 2028 given the extensive use of reserves to phase in budget impacts over multiple years. Those forecasted balances included an earmark of \$500 thousand for the tax supported deficit projection as of Q2, and \$500 thousand for potential assessment growth revenue below budget. With the confirmation that assessment growth revenue was not short of budget, and with the updated year-end tax supported surplus projection of \$1.7 million, tax

supported contingency reserves are now projected to fluctuate between 21 and 30 per cent of target from 2025 to 2028. Balances below target reduce the City's financial health limiting the ability to mitigate any negative financial impacts should an overall City deficit materialize. Staff have continued to recommend that rebuilding contingency reserve balances with year-end surpluses be prioritized to reduce vulnerability to unexpected events and improve the capacity to smooth future budget impacts.

## **Consultations and Engagement**

Departments are responsible for managing their programs according to municipal standards and within the approved budget. The responsibility of monitoring the operating budget is shared by the operating departments and the Finance department. Department General Managers were provided financial reports based on their actual operating revenue and expenditures to the end of the quarter, on which they provided commentary in consultation with the Finance department.

Project Managers are the owners of the capital accounts and have financial responsibility and accountability to manage the capital deliverables within the budget approved, within a reasonable time period, to achieve the Council expected outcomes of that capital project.

Department General Managers and Project Managers were provided financial reports based on their actual capital expenditures and commitments to the end of the quarter, with which they provided a progress status and financial forecast update at the project level and the best available information at a point in time. Future updates are subject to change based on the economic environment, especially the rate of inflation and interest rates.

## **Attachments**

Attachment-1 2024 Capital Spending

Attachment-2 Q3 2024 Capital Budget Adjustments

## **Departmental Approval**

Karen Newland, Manager, Budget Services

## **Report Authors**

Cathy Butcher, Senior Corporate Analyst, Operating, Budget Services

Patricia Zukowski, Senior Corporate Analyst, Capital, Budget Services

Jelena Savic, Corporate Analyst, Grants and Special Projects

Dylan Prince, Senior Corporate Analyst, Strategy and Reporting

## **This report was approved by:**

Shanna O'Dwyer

Acting General Manager Finance/City Treasurer

Office of the Chief Administrative Officer

519-822-1260 extension 2300

shanna.odwyer@guelph.ca

**This report was recommended by:**

Tara Baker

Chief Administrative Officer

Office of the Chief Administrative Officer

519-822-1260 extension 2221

tara.baker@guelph.ca



**Attachment-1: 2024 Capital Spending as of September 30, 2024** (all values are in thousands of dollars)

Budget by Program of Work	Corporate Facilities, Public Works and By-Law	Corporate Plans, Programs and Technology	Culture and Recreation	Emergency Services	Parking and Transit Services	Parks and Open Spaces	Solid Waste Services	Transportation Network	Water Management	Other Boards and Agencies	Total Year to Date
Carry-over budget	64,641	43,328	117,590	6,648	52,403	14,753	4,811	74,197	93,765	948	473,085
2024 capital budget, approved	6,092	13,335	5,803	7,107	15,006	6,862	5,742	97,778	44,007	6,935	208,667
2024 budget adjustments	10	3,143	(1,684)	60	276	0	500	(16,749)	(6,587)	632	(20,400)
<b>Available capital funding</b>	<b>70,743</b>	<b>59,806</b>	<b>121,709</b>	<b>13,815</b>	<b>67,685</b>	<b>21,615</b>	<b>11,053</b>	<b>155,226</b>	<b>131,185</b>	<b>8,515</b>	<b>661,352</b>
2024 capital spending	3,710	8,507	26,817	5,405	23,388	6,475	1,208	16,942	13,704	3,156	109,314
Open purchase orders (PO)	60,926	15,305	86,155	6,528	22,739	3,671	3,179	28,112	58,805	2,273	287,694
<b>Total spending and commitments</b>	<b>64,636</b>	<b>23,813</b>	<b>112,972</b>	<b>11,933</b>	<b>46,127</b>	<b>10,146</b>	<b>4,386</b>	<b>45,055</b>	<b>72,510</b>	<b>5,429</b>	<b>397,007</b>
Projects closed	0	0	0	0	0	0	0	0	0	0	0
<b>Uncommitted approved budget</b>	<b>6,107</b>	<b>35,992</b>	<b>8,737</b>	<b>1,882</b>	<b>21,558</b>	<b>11,468</b>	<b>6,667</b>	<b>110,172</b>	<b>58,674</b>	<b>3,086</b>	<b>264,345</b>

Note: There may be minor adding differences due to rounding.

## Attachment-2: Q3 Capital Budget Adjustments

**Table 1 - Additional approved budget and other budget adjustments**

ID	Capital account	Entry description	Budget increase / (decrease) \$
BR-24CAP-59 BR-24CAP-62	PG0099 Transportation Demand Management (TDM) Action Plan (HAF-8)  PL0085 Community Planning Permit System Pilot (HAF-7)	Set up budget for Housing Accelerator Fund (HAF) Initiatives	276,000  8,500
BR-24CAP-65	RD0392 Sustainable Transportation Programs	Reduction of existing budget, project scope is now part of HAF-8	(200,000)
<b>Grand total</b>	n/a	n/a	<b>84,500</b>

**Table 2 – Summary of reallocations under \$100,000**

Description	Amount \$
Additional funding (various projects) required at planning/purchasing stage	71,100
<b>Grand Total</b>	<b>71,100</b>

**Table 3 - Reallocations greater than or equal to \$100,000 and under \$500,000**

ID	Transfer from	Amount \$ (from)	Transfer to	Amount \$ (to)	Entry description
BR-24CAP-63	WT0071 Leak Detection Studies	160,000	WD0059 Watermain Maintenance	160,000	To reallocate budget to cover distribution stock costs that need to be reallocated to capital from operating
BR-24CAP-64	WC0023 Waste Resource Innovation Centre Site Asset Replacement WC0022 Waste Transfer Station Asset Replacement	80,000  80,000	WP0006 Public Drop Off Scales Expansion	160,000	To cover additional contractor costs
<b>Grand total</b>	n/a	320,000	n/a	320,000	n/a

**Table 4 – Funding Adjustments to be approved on the Budget Monitoring Report.**

<b>ID</b>	<b>Capital Account</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount \$</b>	<b>Entry description</b>
BR-24CAP-66	CS0004 Court Services Facility Renewal	Partner Contributions  Courts Capital	Canada Community-Building Fund (CCBF)	373,460  373,460	To adjust funding to maximize CCBF.
BR-24CAP-67	RD0483 Road Restoration and Resurfacing Program (BFF)	Infrastructure Renewal	Building Faster Fund (BFF)	3,725,000	Replacement of existing funding with grant funding from the BFF. This scope of work was previously budgeted under RD0403 and was broken out for grant administration purposes
BR-24CAP-67	PN0271 York – Stevenson -Victoria	Water Wastewater Stormwater CCBF	BFF	310,400 310,400 248,300 85,900	Partial replacement of existing funding with grant funding from the BFF
BR-24CAP-69	PN0807 Wellington St Reconstruction - Gordon to Wyndham	CCBF (107,400) Stormwater (95,900) Service Enhancement (18,900)	Wastewater Water DC Wastewater DC Water	148,500 36,000 16,500 21,200	Scope of project has changed as the project was awarded grant funds from the Housing Enabling Water Systems Fund. Grant funding is allocated to the 2025 proposed capital budget.
<b>Grand total</b>	n/a	n/a	n/a	5,649,120	n/a