

# Information Report

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Service Area	Office of the Chief Administrative Officer
Date	Friday, May 30, 2025
Subject	<b>2025 First Quarter Budget Monitoring Report</b>

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## Executive Summary

### Purpose of Report

The purpose of this report is to provide Council notice of any financial risks or opportunities that could affect the 2025 year-end position. This report includes the first quarter (Q1) actual financial information for both the operating and capital budget for each department and capital program of work as of March 31, 2025.

### Key Findings

Overall, from an operating perspective, there is a risk of exceeding the budget at year-end. Due to limited data, rapidly changing economic conditions, and an early reporting date of March 31, 2025, it is difficult to quantify potential full-year outcomes this early in the fiscal year. Staff will continue to focus on service delivery and expense management to address the budget risk throughout the year.

On the operating side, there are several notable risks and opportunities that staff are monitoring and will continue to report on throughout the year, including:

- Compensation-related risks:
  - Outcomes of ongoing collective bargaining with three CUPE locals, are still unknown; and
  - Higher than budgeted emergency services backfill costs, which will be adjusted for through the 2026 budget update based on work underway to quantify the required backfill budget to manage the sustained trend of higher leaves over the past several years.
- Revenue-related risks:
  - Interest rates, which have decreased faster than projected last fall during the 2025 budget update.
  - Lower than budgeted development related revenue streams: Planning, building, and engineering fees.
- Tariffs, which have the potential to impact both the operating and capital budgets, continue to change frequently. Staff have set up tracking mechanisms to capture direct tariff costs and will report on this in future budget monitoring reports. Although the quantitative impact of tariffs on City budgets is difficult to determine at this time, tariffs remain a risk that could increase the price of imported goods, straining finances and potentially resulting in budget overruns.
- Budget saving opportunities:

- Savings from consumer carbon tax reductions.
- Lower than budgeted property tax assessment appeals costs as there has been no announcement to date of the timing of the next assessment cycle.

From a capital perspective as outlined in Attachment-1, total spending on capital projects in Q1 was \$26.1 million and purchase order (PO) commitments at March 31, 2025 had an overall value of \$241.7 million. This leaves \$402.7 million of approved budgets yet to be executed. The per cent committed at the end of March was 69.0 per cent and if the City is able to meet the 80 per cent committed target at the end of 2025, a total of \$260.0 million (based on current approved budget) would remain to be executed on December 31, 2025.

Through a comprehensive review of the uncommitted capital budget at the end of 2024, a total of \$5.8 million was reduced from the uncommitted budget in Q1. This includes reductions of \$4.9 million returned to reserve funds and \$0.9 million that was deferred into a future year.

Capital revenues are also at risk as Development Charge (DC) collections are only 1.3 per cent of budgeted collections as of March 31. Meanwhile, DC exemptions and discounts are tracking close to budget, and there is a significant DC appeal in process that could result in a cost of \$15 to \$20 million to be funded from tax and rate supported reserve funds if the appeal is successful. Following low DC collections in 2024, staff will revise the 2025 DC collections forecast downward for the purposes of the 2026 budget update reserve forecast and will identify recommended capital project deferrals through the 2026 budget update as required to work within lower available revenue. New legislation impacting DCs has also recently been released and these changes could further impact the availability of DC funds as well as impact work plans to respond to changes, if enacted. Staff are in the process of analyzing the proposed changes and will provide input through the provincial consultation process.

Grant program offerings by both the federal and provincial governments continue to open up and staff continue to pursue these offerings, which help offset the impact of low development charge collections. The cross-functional grant management team has worked to streamline internal processes to successfully submit competitive funding applications for a wide range of programs. A few key statistics for grants in Q1 include:

- Total value of grant funding awarded in 2025 to date: \$3.0 million.
- Total value of grant applications submitted in Q1 2025 and prior that are still under review with the funder: \$58.1 million.

In April, Council provided approval to issue debt in 2025 and 2026, and staff are keeping closely connected with the City's fiscal agent regarding a reasonable time to do so, however the debt markets continue to be turbulent at this time.

### **Strategic Plan Alignment**

Reporting quarterly on the financial status of the operating and capital budget supports the Foundations theme in the Future Guelph Strategy Plan by maintaining a fiscally responsible local government. Monitoring the status of the City's budgetary performance is linked to the City's credit rating as the City obtains an updated credit rating annually. In 2024 S&P Global Ratings reaffirmed the City's

financial credit rating as AAA with a stable outlook, the agency's highest possible rating.

## **Future Guelph Theme**

Foundations

## **Future Guelph Objectives**

Foundations: Maintain the City's healthy financial position

## **Financial Implications**

Staff will continue to monitor and report on the impact of risks and opportunities identified in this report to safeguard the City's long-term sustainability. Early identification of potential risks and implementation of mitigation strategies reduce reliance on the City's contingency reserves at year-end.

As reported in the [2024 Long-term Financial Statement: Reserves and Debt Report](#), as of December 31, 2024, the available balance in the tax supported corporate contingency reserves was 60 per cent of the target balance, down from 62 per cent in 2023. Balances below target reduce the City's financial health, limiting the ability to mitigate any negative financial impacts should an overall City deficit materialize.

The year-end operating position is important in determining the City's overall fitness as assessed by an external credit rating agency. This credit rating affects the rate at which the City can issue debt thereby affecting the affordability of long-term capital projects for the City tax and rate payers.

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## **Report**

On November 29, 2023, Council adopted Guelph's first four-year multi-year budget (MYB) for 2024 to 2027 and on January 25, 2025, the 2025 budget confirmation process concluded with Council approval of the Local Boards and Shared Services budget.

The first quarter budget monitoring report provides an initial look at the factors that may influence the 2025 year-end position.

## **Operating Budget**

This report was prepared in collaboration with the City's departments as part of the regular budget monitoring process. Departments received financial data as of March 31, 2025. Actual expenditures and revenues were analyzed, and significant deviations from the budget that could impact on the year-end financial position were identified with support from Finance staff. Departments have highlighted positive trends, challenges, risks, and concerns based on all available information at the time of this report.

## **Corporate Variance Risks and Opportunities:**

The corporate risks and opportunities outlined below offer an initial overview of the factors that could influence the City's year-end position for 2025. These factors are shaped by seasonality, timing, unpredictable market forces, and events beyond the City's control. Furthermore, certain expenses and revenues may not be realized

until later in the year. Quarterly updates will be provided to Council through the budget monitoring process.

### **Tariffs and Economic Uncertainty:**

Economic uncertainty in Ontario has been significantly impacted by United States (U.S.) tariffs, leading to various challenges for the province's economy. Locally, tariffs have the potential to significantly impact City budgets by increasing the costs of imported goods. These higher costs can strain City finances, leading to budget overruns and reduced financial flexibility. Additionally, tariffs can disrupt supply chains, causing delays in project completion and potentially increasing overall expenses.

Overall, tariffs can lead to higher costs, reduced economic growth, and increased uncertainty, affecting several areas of City operations. In Ontario, residential construction is expected to face several significant impacts due to tariffs. These include increased costs for builders due to higher prices for imported construction materials. Builders may also experience project delays as they seek alternative suppliers or materials to avoid tariff-related costs, slowing down the pace of construction projects. Anticipated higher construction costs are likely to further delay building starts in 2025, leading to lower-than-budgeted revenue in Planning, Building, Ontario Building Code (OBC), Water, Wastewater, and Engineering.

With slowed building activity, housing affordability could deteriorate further resulting in increased need for rent supplements and housing supports, potentially reduced housing rent revenue at the County, therefore driving up the City's share of social services costs.

Tariffs can also significantly impact on equipment and building repairs in several ways. Increased costs for imported materials and equipment, such as HVAC components, specialized machinery, and building supplies, can lead to higher repair costs. Supply chain disruptions caused by tariffs can result in delays in obtaining necessary parts and materials, leading to longer repair times and potential downtime for buildings and equipment. These increased costs and delays can also lead to budget overruns for repair projects in many City departments.

The City purchases approximately 98.5 per cent of goods and services from Canadian-owned businesses. However, determining the potential impact of tariffs on City purchases is not as straightforward as buying from a Canadian company. Some suppliers may be distributors of American products, Canadian divisions of American parent companies, or purchase American parts as components of their finished products. Additionally, some items the City relies on for operations can only be sourced outside of Canada, including many software systems and certain medical supplies and equipment. Strategies to track and monitor tariff-related expenditures have been implemented, and every effort will be made throughout the year to mitigate budget overruns.

Tariffs also have the potential to impact on taxation and rate revenue. Given the significance of the manufacturing and agriculture sectors in our region's economy, higher costs could result in reduced industrial business growth. This would impact future property assessments and taxation. Additionally, lower industrial activity could lead to decreased water and wastewater revenue and potentially negatively affect transit revenue if job losses occur.

Overall, there is risk that City finances could be adversely affected by the imposition of tariffs. The actual impacts will be dependent on the extent and duration of US tariffs and counter (retaliatory) tariffs, both of which are evolving rapidly.

### **Revenue:**

City departments have identified various opportunities and risks associated with the collection of revenue in 2025. Among the risks, Planning and Building, including Ontario Building Code (OBC), Engineering, Water and Wastewater Services, are experiencing deficits due to reduced revenue streams from the building community and new housing starts. OBC permit revenue experienced a \$4.4 million year end deficit in 2024 and the first quarter of 2025 is trending lower than the same period last year. Current economic conditions are impacting on the larger value multi-residential permits resulting in further revenue risks.

Culture and Recreation face potential risks to grant, donation, and sponsorship revenues, particularly at the Museum. Parking revenues are at risk due to lower monthly and hourly revenues. Parking is transitioning from gate parking to a license plate recognition system which should mitigate some lost revenues due to gate issues. Due to the aging infrastructure in the East and West Parkades there is a risk of additional closures for maintenance throughout the year. General Revenues are also at risk for lower than budgeted short-term interest income, as the Bank of Canada rate cuts were quicker than initially anticipated when creating the 2025 budget. Estimates of temporarily higher than normal investment income were included in the budget with a corresponding transfer to the Tax Operating Contingency reserve (180) to help offset the impact of the phase-in strategy for social housing cost increases. A negative variance in investment income would not be expected to impact the bottom line for 2025, however, it would negatively impact the contingency reserve balance which is already lower than target.

On the opportunities side, Transit continues to experience increased ridership which is driving higher revenue in 2025. Environmental Services have unbudgeted revenue from an agreement with Waste Management that materialized after the budget was adopted for shared cart service, where City staff assist residents in need with getting their carts to the curb. The Municipal Accommodation Tax program expansion includes new short-term rental and hotel participation in 2025, with the City's share of additional revenue being transferred to reserve to fund future tourism initiatives. The City Clerk's Office is trending toward a revenue surplus from the collection of Committee of Adjustment fees, which cover applications for consent to create new lots or adjust boundaries, and applications for minor variances to the municipal Zoning Bylaw requirements or for permission to extend land uses that have existed prior to the passing of the current bylaw.

Overall, while there are significant risks associated with certain revenue streams, there are also promising opportunities that could help mitigate these challenges and support the City's financial stability in 2025.

### **Compensation:**

Overall, City staff (excluding Local Boards) are within budget to the end of the first quarter. Several departments identified risks and opportunities associated with compensation budgets in 2025. Staff vacancies continue to create opportunities for

savings, most notably impacting on Planning and Building, Engineering and Transportation, Water and Wastewater Services, Finance, Legal and Courts Services, but these savings are the result of vacancies from retirements, voluntary turnover, temporary leaves, and continuing recruitment challenges for key positions, and mean that these departments are prioritizing work plan deliverables within the staff complements available.

Risks associated with increased demand on overtime budgets are reported by Guelph Wellington Paramedic Services, Fire Services, and Guelph Transit. These challenges stem from the need to meet minimum staffing requirements to cover various forms of leave. Efforts are underway to develop sustainable solutions that reduce reliance on our already stretched workforce. Backfill budget adjustments will be put forth through the 2026 budget update process.

Additional overtime is also being experienced in Human Resources related to systems implementation, and Parks due to the unusually severe winter weather during the first quarter of the year.

Furthermore, ongoing collective bargaining contract negotiations present additional risks to compensation budgets in 2025. Staff continue to monitor compensation trends throughout the year to mitigate budget variances.

### **Corporate Utilities:**

Year-to-date, corporate utilities are trending on budget. On March 15, 2025, the Government of Canada announced a regulation to eliminate the federal carbon tax on all fuel purchases in Ontario, effective March 31, 2025. The opportunity presented through the recent removal of the federal carbon tax on natural gas will impact City utility budgets. The immediate effect will be a reduction in the price of natural gas and will yield an estimated \$670 thousand in utility budget savings in 2025 from lower energy bills. Since most of the City's natural gas usage relates to heating costs, the impact of this opportunity will be more evident as we move into the colder seasons later in 2025. As of the time of this report, no plans have been announced to reinstate the Federal consumer carbon tax.

The City's focus on energy conservation and innovation continues to reduce exposure and yield operating savings. The recent net metered solar PV (photovoltaic) installation at River Run Centre is the latest innovation that will reduce electricity operating costs by netting out the excess energy generated with the energy consumed at the time of billing. This system is expected to be operational in the second quarter of the year.

### **Corporate Fuel:**

The price for diesel was reduced by 21 cents per litre and gasoline by 18 cents per litre. Based on litres budgeted, the expected savings from the removal of the carbon tax is approximately \$820 thousand. The largest savings will be in Transit Services.

### **Corporate Vehicle and Equipment Repairs and Maintenance:**

There is a risk of negative variances in vehicle repairs and maintenance due to the expansion and retention of aging vehicles. This is particularly evident in Transit and Emergency Services, where supply chain issues are causing delays in replacement schedules. Strategies to accelerate capital vehicle replacement budgets are in place

to allow for a longer lead time when ordering. Additionally, rising inflation and the impact of tariffs are driving up the costs of vehicle parts, maintenance, and repairs. Furthermore, the ongoing labour shortage in the skilled trades sector is leading to longer wait times and higher third-party labour costs.

### **Corporate Building Repairs and Maintenance:**

There is a risk of higher-than-budgeted building maintenance and repair costs due to aging facilities. Significant budget risks have been identified by Culture and Recreation, with unexpected equipment failures at both Victoria Road and West End Recreation Centres. Court Services experienced a flooding event in the first quarter of the year, increasing repairs and maintenance costs for 2025. While insurance may offset some of these expenditures, the deductibles for flood damage are substantial enough to create budget pressures. Additionally, Parking Services have identified potential budget risks due to anticipated repair requirements for the East and West Parkades.

The 2025 budget reflects the continued effort at centralizing the City's building maintenance budgets to streamline approval cycles and achieve efficiencies in line with the recommendations of the [Service Rationalization Review](#) conducted by KPMG in 2021. Corporate Building Maintenance staff are collaborating with service areas to implement this new process, which supports asset management objectives, ensuring priority work is completed and City facilities are regularly inspected, maintained, and repaired on schedule. As budget pressures on our aging facilities persist, maximizing efficiency in staff time and leveraging available funding for maintenance activities is critical.

### **Winter Related Events:**

The severity of winter weather in Q1 2025 has posed significant budget risks across various operational areas. In February, the City declared a significant weather event due to severe winter conditions. The cleanup efforts have led to budget pressures in multiple departments: The Roads Division of the Operations Department have already exceeded operating supplies budgets for the year, additionally, compensation pressures due to overtime requirements for cleanup were experienced in both Operations and Parks. Water Services experienced a number of weather-related water main breaks that are being monitored for potential leakage. The extent of these budget risks will depend on the weather conditions during the second half of the 2025 season.

## **Department Specific Details**

### **Ontario Building Code (OBC)**

Ontario Building Code budgets are facing significant pressures in 2025 due to slow permit issuance and new housing starts. Permit revenue, which depends on the timing of development, has been reduced in the 2025 budget to reflect this slower-than-expected pace of new construction.

Even after the budget reduction, first-quarter permit revenue was significantly lower than anticipated, and this trend is expected to continue throughout the year. Although permit volumes remain high, large revenue-generating permits, such as multi-residential permits, are lagging due to political, tariff, and construction industry uncertainties. This is not a trend unique to Guelph, it is being seen across

the province. The most recently announced [Provincial Budget](#) noted Ontario is slipping further from its goal. Ontario is expected to begin building 71,800 housing units in 2025 down from the previous projection of 150,000 units. Interest rate reductions have not yet led to a meaningful increase in construction activity.

Additionally, there are a few vacancies, as industry-wide hiring challenges persist. This creates the risk of exceeding budget for consulting services needed to fill staffing gaps.

## **Capital Budget**

The capital budget carried over from 2024 was \$467.9 million, in addition to a Council adopted 2025 budget of \$205.7 million. Capital budget additions and adjustments made up to March 31, 2025 resulted in a net budget reduction of \$3.1 million. This includes the increase in the capital budget due to the addition of grant revenue for Fire Services, receipt of insurance proceeds for Paramedics, additional budget approved for Hanlon Creek Business Park and \$5.8 million in budget reductions made as a result of an in-depth 2024 year-end review process. This provided for a total available budget of \$670.6 million. A summary of capital activity to the end of the quarter is included in Attachment-1 Q1 2025 Capital Spending. Capital budget adjustments made in Q1 can be found in Attachment-2 Q1 2025 Capital Budget Adjustments. Adjustments in Table 4 for reallocations greater than \$500 thousand and Table 5 for funding adjustments will come to Council for approval on the second quarter (Q2) Budget Monitoring Report.

In March 2025, staff undertook an extensive project level review of uncommitted balances that would carry-over to 2025. This was a similar process to the March 2024 project review (2023 Year-end). Through this review a total of \$5.8 million was reduced from the uncommitted approved budget with \$4.9 million returned to the reserve funds and another \$0.9 million deferred to a future year.

Total capital spending to the end of Q1 was \$26.1 million, which was \$6.9 million more than last year. At March 31, 2025, there was \$241.7 million in issued POs, which was \$31.2 million less than last year. This is due in part to the reduction in the PO balances on Tier One projects such as the New Central Library and the South End Community Centre, which gained momentum in 2024 with significant spending drawing down the open PO balances as building activity progressed.

On March 31, 2025, the uncommitted approved budget which is yet to be executed was \$402.7 million, which was \$31.6 million more than the same quarter of 2024.

In March 2025, the U.S. introduced Tariffs on goods from Canada and Canada responded by imposing counter tariffs on a list of goods imported from the U.S. The City has provided information as it becomes available on the [Trade and Tariff Resource Hub](#). Although 98.5 per cent of all City purchases come from Canadian vendors, it is possible that certain components of supplies may be manufactured in the U.S. and vendors will almost certainly pass these additional costs to the end user. At the time of this report, capital expenditures that will be impacted include non-Canada-United States-Mexico Agreement (CUSMA) compliant vehicles or have non-CUSMA components, aluminum and steel products as well as other imported U.S goods such as tools, computers and servers, display monitors, sports equipment and cast-iron products (from the [Department of Finance website](#)). Other Canadian industries may see effects of U.S. imposed tariffs and may indirectly

affect the Canadian supply chain on products. The Federal and Provincial governments have both indicated that if the trade war deepens, they will stimulate the economy through infrastructure projects which may include additional grant opportunities developed for municipal infrastructure. The Bank of Canada is monitoring the impacts of tariffs on the economy paying close attention to how quickly cost increases from tariffs are passed on to consumer prices and how inflation expectations evolve. Inflation and interest rates have a direct impact on investment return and cost to issue debt. Staff continue to follow this developing and fluid situation including tracking overall tariff costs to the extent possible, mitigating any tariff related budget pressures and ensuring the City is positioned to take advantage of any additional grant opportunities that may come.

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 21 projects that account for 10 per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$6.4 million with another \$52.6 million in PO commitments as of March 31, 2025. Remaining to be executed is \$11.3 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (LB0028) New Central Library (\$54.8 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. Building structural concrete works continued through Q1 and are anticipated to be completed in Q2. The building's concrete structure will continue to be poured over the first half of 2025. Building envelope works are expected to start in Q2, along with interior works for the Library.
- (GG0245) Administration Facilities Renewal (\$2.5 million) – corporate building maintenance work such as the maintenance, inspection and certification of life and fire systems, elevators, generators and boilers has begun. Renovations at the Lawn Bowling Club and Annex building as well as workspace optimization initiatives are also underway.

- (RD0401) Public Works Vehicle and Equipment Replacement (\$0.8 million) – a trackless municipal tractor with plow and sand and salt spreader for maintaining sidewalks was purchased and delivered in Q1. Replacements for two end-of-life dump trucks are still on order with expected delivery in Q2 2025. 2025 procurement specifications are under development.

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

- (GG0245) Administration Facilities Renewal (\$3.6 million) – additional spending is planned on corporate building maintenance, workspace optimization and renovations at the Annex Building including masonry and windows.
- (LB0028) New Central Library (\$2.9 million) – uncommitted is mainly for furniture, fixtures and equipment upon completion of construction.
- (CS0004) Court Services Facility Renewal (\$1.8 million) – budget to be spent on foundation restoration of the historic Provincial Offences Act building.

### **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 82 projects that account for eight per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$3.6 million with another \$9.1 million in PO commitments as of March 31, 2025. Remaining to be executed is \$41.7 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (SS0025) Baker Street Development (\$3.0 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 (\$2.9 million) – construction continues on the remainder of Ring 1 – east and northward from City Hall (approximately 80 per cent completed), Ring 2 – west and northward from City Hall (approximately 15 per cent completed) and Ring 3 – south of City Hall (approximately 53 per cent completed). Additionally, 15 City-owned facilities have been cutover onto the new fibre network so far and approximately 66 traffic signals have been connected. Staff are targeting completion of this project for the end of 2027.
- (PN2439) Enterprise Resource Planning (ERP) Program Implementation (\$1.2 million) – implementation of the replacement for the existing work order, asset management and procurement system is underway and progressing as per plan.

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

- (PN2439) ERP Program Implementation (\$5.9 million) – project is progressing as per plan. Majority of uncommitted funding is planned for program implementation of the financial system's procurement module in 2025, followed by enterprise asset management implementation in 2026 and 2027. Project funding also includes 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.

- (EO0002) Fountain Street Environmental Investigation and Remediation (\$2.6 million) – various environmental characterizations and assessments were completed at the site in 2024 and procurement for environmental investigative and monitoring work is planned for 2025. Work will include 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.
- (SS0002) Hanlon Creek Business Park (\$2.1 million) – includes land acquisition and environmental monitoring still to be executed.

## **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 24 projects that account for 12 per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$4.8 million with another \$61.2 million in PO commitments as of March 31, 2025. Remaining to be executed is \$11.6 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:

- (RF0093) South End Community Centre Construction (\$64.5 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. The building structure is complete and windows have been installed. The Aquatics centre lap pool slab and deep end walls have been poured and bleachers installed. Concrete flooring has been poured in the gym, walking track and second floor multi-purpose rooms. Major HVAC equipment has been installed and interior partition walls are nearing completion.
- (RF0103) West End Recreation Centre Upgrades (\$0.6 million) – Relocation of the Guelph Community Pottery Centre from Edinburgh Rd. includes renovation of the second floor space. The scope of work includes architectural, mechanical, electrical, and minor structural work. Replacement of rooftop HVAC units will be integrated into the design and funded through GG0261 100RE initiatives. Construction is expected to start in Q2.
- (CT0008/CT0010) Culture Facilities Renewal (\$0.5 million) – window and sealant replacement at River Run Centre continues from 2024. Work on humidification upgrades at the Civic Museum is underway.

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

- (CT0008/CT0010) Culture Facilities Renewal (\$5.2 million) – HVAC replacement at Sleeman Centre, replacement of the fixed theatre seating and flooring at River Run Centre, Farmers' Market building envelope restoration.
- (RF0095) Recreation Facilities Renewal (\$1.8 million) – Evergreen Seniors Centre washroom renovations (construction \$500 thousand) and Evergreen Seniors Centre roof top heating and cooling unit replacement (construction \$900

thousand), Victoria Road refrigeration panels (\$65 thousand) and roof ladder access at Centennial Arena (\$25 thousand) are still to be executed out of this account.

- (RF0093) South End Community Centre Construction (\$1.2 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 28 projects that account for two per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$1.6 million with another \$8.5 million in PO commitments as of March 31, 2025. Remaining to be executed is \$5.3 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (FS0089) Heavy Fire Vehicle Replacement Pumper/Aerial (\$4.4 million) – tender for two trucks has been awarded and PO issued.
- (PM0010) Paramedic Vehicle Replacement (\$3.0 million) – the last two replacement ambulances ordered in 2023 arrived and final payment was made in Q1. The 2024 order to replace six end of life ambulances has been issued with deposits paid in 2024. An additional seven units were approved to be pre-ordered by Council in May 2024 as part of the 2023 Year-end Capital Budget Monitoring Report (three budgeted in 2025 and four budgeted in 2026), these units have now been ordered with deposits paid in Q1.
- (PM0001) Paramedics Facility Renewal (\$0.7 million) – Renovations are currently ongoing to Clair Road Emergency Services Centre (CRESC) for the Guelph Wellington Paramedics Service administration space.

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

- (FS0091) Fire Dispatch Phone System NG-911 (\$2.6 million) – work on the transition to the Next Generation 911 (NG-911) system will continue into 2025. 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. The City's application for Phase 3 (final phase) of the grant was successful and can be used to fund expenditures made up to March 31, 2025. The Canadian Radio-television and Telecommunications Commission (CRTC) has extended the deadline to decommission the old 911 system from March 4, 2025 to March 31, 2027 as only 17 of the 292 public safety answering point's (PSAP's) across Canada have gone live with NG-911. Guelph Fire (implementing a shared NG-911 network as a group with 11 other agencies across Southwestern Ontario) is well positioned within the top 25 per cent of PSAP's in the country in terms of readiness to go live (anticipated for third quarter (Q3) 2025 with additional implementation in early 2026). The Ministry of the Solicitor General announced on May 22, 2025 that the funding for NG-911 has been extended an additional year. Specific

grant details have not yet been shared, Staff will continue to monitor and report quarterly through the budget monitoring report to Council.

- (FS0101) Breathing Air Compressors and SCBA (\$1.2 million) – request for proposal was issued and it is anticipated to be awarded in Q2 2025. With no Canadian manufacturers of this equipment, it may be impacted by tariffs.
- (FS0100) Radio Infrastructure Subscriber Gear Replacement – Front Line (\$0.8 million) – some equipment was procured however the majority of this budget will be held until 2026 for a bulk purchase coordinated with Guelph Police Service to potentially realize savings.

## **Parking and Transit Services**

This program of work includes the following subprograms: Parking Services and Guelph Transit. There are a total of 30 projects that account for nine per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$1.2 million with another \$17.9 million in PO commitments as of March 31, 2025. Remaining to be executed is \$41.7 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (TC0070) Bus Electrification – replacement (ICIP-GUE-04) (\$7.6 million) – six zero emission buses are on order to replace end-of-life diesel buses (estimated delivery Q2 2025). As mentioned in the [2024 Second Quarter Budget Monitoring Report](#) and the [Transit Electrification Audit](#) (dated September 17, 2024), supply chain disruptions, labour shortages and inflation fluctuations have led to large price increases. Staff will be presenting an update on the City’s bus acquisition plans as part of an overall transit fleet electrification and facility needs update to Council in Q2 2025.
- (TC0059) Guelph Transit and Fleet Services Facility (ICIP-GUE-03) (\$6.2 million) – updates on this Tier 1 capital project can be found [on the Guelph Transit and Fleet Services Facility webpage](#), 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 2025 ahead of the 2026 budget update.
- (TC0079) Route Review – Year 3 (ICIP-GUE-01) (\$2.5 million) – two electric buses are on order and are expected to be delivered in Q2 2025.

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

- (TC0070) Bus Electrification – replacement (ICIP-GUE-04) (\$21.1 million) – the 2024 and 2025 budgeted order for zero emission buses to replace end-of-life diesel buses have not yet been placed. Staff will be presenting an update on the City’s bus acquisition plans as part of an overall transit fleet electrification and facility needs update to Council in Q2 2025.
- (TC0096) Route Review – Year 5 (ICIP-GUE-01) (\$5.6 million) - As noted above, Staff will be presenting an update on the City’s bus acquisition plans as part of an overall transit fleet electrification and facility needs update to Council in Q2 2025.

- (TC0092) Route Review – Year 4 (ICIP-GUE-01) (\$2.8 million) – As noted above, Staff will be presenting an update on the City’s bus acquisition plans as part of an overall transit fleet electrification and facility needs update to Council in Q2 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 39 projects that account for four per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$0.6 million with another \$3.2 million in PO commitments as of March 31, 2025. Remaining to be executed is \$21.8 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (PO0034) Parks Operations Facilities (\$1.0 million) – Silvercreek washroom renovation and pavilion replacement has begun.
- (PO0045) Parks Vehicles and Equipment Replacement (\$0.6 million) – replacement vehicles and equipment are on order including an aerial truck and flail mower. Procurement specifications for 2025 purchases are under development.
- (PK0129) Bicycle Skills Facility at Eastview Park (\$0.5 million) – construction on this project which includes a bike pump track, drainage, landscaping and site furnishings is underway with completion anticipated in Q3 2025.

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

- (PK0180) Parkland Acquisition (\$8.5 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.
- (PK0120) Baker District Open Space (\$2.1 million) – the timing of construction on this component of the Baker District is dependent on the timing of the private components, it is currently expected in 2026 through 2027.
- (PK0217) 2025 Playground Equipment Replacement (\$1.5 million) – round one of community engagement for the 2025 program (O’Connor Lane Park, Severn Drive Park and Woodland Glen Park) has been completed. Next steps in the engagement process can be followed through the [Have Your Say Guelph](#) website. Design and tender for the parks is anticipated to occur in fourth quarter (Q4) 2025.

### **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 29 projects that account for two per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$394 thousand with another \$1.7 million in PO commitments as of March 31, 2025. Remaining to be executed is \$11.1 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (WC0039) Solid Waste Fleet Assets Replacement (\$618 thousand) – one light duty replacement truck has been received. One replacement waste collection truck is on order with anticipated delivery in Q2 2025.
- (WC0042) Organic Waste Processing Facility Asset Replacement (\$521 thousand) – in Q1 there was spending and commitments for the design of the SCADA replacement as well as operations and maintenance services at the facility.
- (WC0032) Solid Waste MRF Building Decommissioning (\$154 thousand) – Decommissioning design awarded and underway.

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

- (WC0042) Organic Waste Processing Facility Asset Replacement (\$2.2 million) – the tender for the installation of the SCADA replacement was awarded with the purchase order still to be issued and will commit approximately half of the uncommitted balance. Additional work to be completed include stack blower fan, tunnel irrigation, tunnel floors and wall repairs and fire suppression.
- (WC0055) Site Maintenance Building Asset Replacement (\$1.3 million) – roof design contract has been awarded and construction tender will be released in Q2 2025.
- (WC0023) Waste Resource Innovation Centre Site Asset Replacement (\$971 thousand) – budget will be committed for sanitary lifting stations, fire hydrants, fueling station repairs 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 125 projects that account for 25 per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$2.2 million with another \$21.7 million in PO commitments as of March 31, 2025. Remaining to be executed is \$141.5 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (RD0330) Emma / Earl Pedestrian Bridge (\$4.1 million) – Project has been tendered and purchase order issued for construction which commenced in Q1 2025.
- (PN0807) Wyndham-Wellington Sanitary Sewer Relief (\$2.6 million) – Construction tender has been awarded and construction began in April on Wellington St. E.
- (PN0060) Wyndham St. N. Reconstruction – Farquhar to Woolwich (\$1.8 million) – Detailed design is progressing. For more on this project, including engagement opportunities, visit the project's [construction webpage](#).

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

- (PN0060) Wyndham St. N. Reconstruction – Farquhar to Woolwich (\$24.0 million) – Construction tender is expected in Q3 2025 for 2026 construction.
- (PN0097) Speedvale Road Reconstruction – Glenwood to Manhattan (\$18.8 million) – 60 per cent design for Phase 2 has been met (Guelph Junction Railway tracks east of Speedvale/Woolwich intersection to Riverview Drive) and Phase 3 (Riverview Drive to Manhattan Court) has been completed and design packages are expected to be finalized in 2025.
- (RD0379) College Avenue Protected Bike Lanes (ICIP-GUE-05) (\$11.5 million) – construction of Phase 1 (Edinburgh Rd. S. to University Ave. W.) is underway and anticipated to be completed late in Q2 2025. It is anticipated that procurement for Phase 2 (University Ave. W. to Gordon St.) will happen in Q2 2025 (which includes replacement of underground water and sewer pipes, as well as completing off-road cycling infrastructure) and Phase 3 (Janefield Ave to Edinburgh Rd. S. and Gordon St. to Dundas Lane) later in 2025. More information on this project can be found [on the College Avenue infrastructure upgrades webpage](#).

## **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 94 projects that account for 26 per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$3.9 million with another \$63.5 million in PO commitments as of March 31, 2025. Remaining to be executed is \$107.0 million of the budget.

The top project expenditures by value (total 2025 spending and commitments at the end of the quarter) occurred in the following accounts:

- (WT0064) FM Woods Station Upgrade (\$37.1 million) – construction continues with steady progress. Concrete works have begun for process areas including a new flow meter chamber for the southerly station discharge. Excavation has begun for the new booster pumping station in preparation for rebar placement and concrete to begin.
- (ST0003) Biosolids Facility Upgrade (\$8.1 million) – the tender for design and construction administration was awarded and PO has been issued.
- (ST0043) Tertiary Treatment Process (\$4.8 million) – the PO has been issued for design and construction administration.

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

- (ST0043) Tertiary Treatment Process (\$45.4 million) – construction is expected to be tendered late in Q4 2025 which will commit the majority of the uncommitted balance.
- (WT0064) FM Woods Station Upgrade (\$12.5 million) – uncommitted includes construction and market contingency for the booster pumping station along with

the purchase of pumps and a generator which is outside the scope of the construction tender.

- (ST0015) Building Repairs and Upgrades (\$2.8 million) – roof replacement for Plant #3 and security related work is expected in Q4 2025.

## **Other Boards and Agencies**

This program of work includes the following subprograms: Guelph Public Library and Guelph Police Services. There are a total of 32 projects that account for two per cent of the total capital program (by available budget).

Capital spending in Q1 within this program of work was \$1.4 million with another \$2.1 million in PO commitments as of March 31, 2025. Remaining to be executed is \$9.6 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 March 31, 2025 were \$696 thousand and are trending at 1.3 per cent of budget (\$54 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 the building permits being issued for development and redevelopment. In 2025 to date, [building permit activity](#) has continued the 2024 trend of remaining low. As part of the 2026 budget update the City's DC collections forecasts will be adjusted to account for the slowdown in construction activity in the current economic environment.

As communicated through the 2025 budget confirmation, the capital budget and forecast will remain flexible to DC collections. With 22 per cent of projected collections received in 2024 and 1.3 per cent to the end of March in 2025, the DC reserve fund balances are anticipated to be well below the projected balances included in the 2025 budget confirmation. Staff will be monitoring this activity and providing recommendations through the 2026 budget update to maintain a balanced reserve fund forecast.

#### **Exemptions and Discounts**

DC exemptions and discounts are estimated to be approximately \$17.0 million in 2025. To promote affordability, a long-term perspective was taken to budget for exemptions and discounts. This approach involves gradual increases in the budgeted annual transfers as outlined in the [Growth Strategy](#). The value of exemptions and discounts funded in the year will be compared to the annual transfer and the projected exemptions and discounts to understand the budget impact and the forecast 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 2025 budgeted transfers for exemptions and discounts is \$11.3 million, actual exemptions to the end of Q1 are \$2.3 million (21 per cent of budget). The actual

exemptions are outlined in Table 1. Actual exemptions and discounts are 14 per cent of the \$17.0 million estimated for 2025. If this trend continues through the remainder of the year, this will provide some relief to the projected Growth and rates reserve fund balances, however it is noted that a DC appeal has been filed for one development which, if successful, will result in exemptions in the range of \$15 to \$20 million, representing a significant risk to the capital reserve forecast, which will require capital project deferrals and/or property tax increases to manage.

Table 1: Actual exemptions through March 31, 2025 (\$)

Exemption Type	Amount
Industrial expansions	-
Category of owner (exempt per by-law)	-
Non-profit housing corporation	-
Rental housing discounts	-
Phase in	-
Additional Residential Dwelling Units (ARDUs)	2,331,843
Total Exemptions Funded	2,331,843

As discussed in the [2024 Long-term Financial Statement: Reserves and Debt report](#), the projections for exemptions and discounts are primarily for non-profit housing, affordable housing and rental housing discounts. Since actual exemptions are primarily for ARDUs, there is a risk that if the projected types of developments meet expectations, the actual exemptions would far exceed the projections. This would put more pressure on taxes and rates.

**Grants**

The Canada Community-Building Fund (CCBF) and the Provincial Gas Tax are the only two sustainable grant streams received by the City and proactively factored into the capital budget and reserve forecast. In 2025 the City is set to receive \$9.4 million from CCBF and \$3.0 million in Provincial Gas Tax funding. 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 2025, CCBF funding is allocated to the road restoration and resurfacing program (RD0475), Wyndham St. N – Farquhar to Woolwich (PN0060), Speedvale Road Reconstruction – Glenwood to Manhattan (PN0097), playground equipment replacement (PK0130) and several other eligible projects. Provincial Gas Tax funding was allocated to transit bus replacements (TC0070) in 2025.

The 2025 capital plan also includes budgeted funding awarded 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 of \$6.9 million has been allocated to the following projects in the 2025 capital program:

- (TC0070) Bus Electrification – Replacement (ICIP-GUE-04), \$4.5 million;
- (TC0096) Route Review Year 5 (ICIP-GUE-01), \$2.4 million.

The decommitment process outlined in the [2024 Second Quarter Budget Monitoring Report](#) has been completed and the agreement amendment has been executed. At the time of this report, the City is awaiting a decision from ICIP on a second decommitment process, of which a summary will be provided to Council as part of the transit fleet electrification and facility needs update in Q2 2025. The claims process is suspended until that decommitment process is finalized and the outstanding receivable from ICIP is \$12.9 million.

The City was awarded \$21.4 million in 2024 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. At the time this report was prepared, two of the four installments have been received. 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, over three years. A total of \$4.7 million has been allocated to the 2025 budget. In 2025 the following has been allocated:

- \$325 thousand to (PL0081) Housing Affordability Strategy
- \$250 thousand to (IT0123) Planning Digital Transformation – E-Permitting
- \$1.6 million to (IT0124) Planning Digital Transformation – Community Improvement Plan
- \$784 thousand to (PL0086) Affordable Housing Demonstration Project
- \$1.2 million to (PL0083) Accessory Dwelling Unit Grant Program
- \$100 thousand to (PL0084) Encourage Missing Middle Units in Existing Neighborhoods
- \$256.5 thousand to (PL0085) Community Planning Permit System Pilot

The City has also been awarded the following grants in Q1 2025 which have been added to the capital forecast as transfer payment agreements are finalized:

- Fire Protection Grant: The City was awarded \$49 thousand from the Ministry of the Solicitor General for enhancing firefighter safety.
- Connecting Links: The City’s application for \$3 million from the Ministry of Transportation for York Road Phase 4 construction was approved in January 2025. An agreement is forthcoming and the 2025 budget will be updated accordingly.

On May 22, 2025, the City received communication from the Ministry of the Solicitor General regarding the extension of the NG-911 Transfer Payment Program. Originally announced on April 14, 2022, the Province committed \$208 million over three years (2022–23 to 2024–25) to support municipalities in transitioning to the NG-911 network. The program has now been extended through March 31, 2026.

The City is anticipating further details and guidance to optimize its relationship with the funder and ensure it maximizes the benefits of the extended grant period.

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, with the City being allocated \$1.57 million annually for 10 years starting in 2026. 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 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 City has submitted an application to the Federal Housing Infrastructure and Communities Canada (HICC), Canada Housing Infrastructure Fund (CHIF). CHIF aims to accelerate the construction and upgrading of housing-enabling drinking water, wastewater, stormwater, and solid-waste infrastructure, directly supporting the creation of new homes and increasing densification. This investment is part of the Government of Canada's commitment to address the impacts of the housing crisis on communities of all sizes across Canada. The City has applied for \$34.8 million through CHIF to increase the capacity of Guelph's wastewater treatment facility and trunk sewers connecting to the facilities, to support population growth. This application is currently under review and the City is awaiting a decision from the funder. In addition to CHIF, the following grant applications totaling \$23.3 million have been submitted and are pending decisions from the funders:

- \$95 thousand from Employment and Social Development Canada's Enabling Accessibility Fund for increasing accessible seating at Hastings stadium.
- \$110 thousand from Natural Resources Canada for the next installment of the Zero Emission Vehicle Infrastructure Funding Program, to support fleet electrification.
- \$8 million from HICC for the Green and Inclusive Community 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.
- \$50 thousand from Bloomberg Philanthropies for the 2025 Global Mayors Challenge, for the One Canopy Tree Planting Strategy.
- \$100 thousand from Bloomberg Philanthropies for the Asphalt Art Initiative, Curb Appeal: Evaluating Art Interventions for Safer Roads.

- \$1.8 million from HICC for the Canada Public Transit Fund Stream 3 - Active Transportation Fund for the Rural to Core Bikeway spanning Woodlawn Rd. and downtown.
- \$1.4 million from the Ministry of Transportation, Ontario Transit Investment Fund (OTIF) for the Conestoga Express Route.
- \$15 thousand from the Invasive Species Action Fund, Accelerated Impact Stream to restore the Eramosa River Corridor.
- \$16 thousand from the Trans Canada Trail, Trail Infrastructure and Major Repairs to remove and replace rail crossings at John Galt Park.

The following grant application was submitted in 2024, for which the City was notified in 2025 they were unsuccessful in securing funding:

- \$623 thousand from HICC for the Short-Term Rental Enforcement Fund.

### **Financial Implications**

Ongoing monitoring of operating and capital spending ensures that 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 risks and opportunities identified in this report to safeguard the City's long-term sustainability. Identifying potential risks and, where possible, implementing mitigation strategies early reduces the reliance on the City's contingency reserves at year-end. Contingency reserves were utilized in the 2025 budget to phase in cost pressures and promote affordability for the community. As reported in the [2024 Long-term Financial Statement: Reserves and Debt Report](#), as of December 31, 2024, the available balance in the tax supported corporate contingency reserves was 60 per cent of the target balance, down from 62 per cent in 2023. Balances below target reduce the City's financial health, limiting the ability to mitigate any negative financial impacts should an overall City deficit materialize.

The year-end operating position is important in determining the City's overall fitness as assessed by an external credit rating agency. This credit rating affects the rate at which the City can issue debt thereby affecting the affordability of long-term capital projects for the City tax and rate payers.

### **Consultations**

Departments are responsible for managing their programs according to municipal standards and within the approved budget. The responsibility for monitoring the operating budget is shared between the operating departments and the Finance department. Department General Managers received financial reports based on their actual operating revenue and expenditures up to March 31, 2025, and provided commentary in consultation with the Finance department.

Project Managers are responsible for managing capital accounts and ensuring capital deliverables are completed within the approved budget and a reasonable timeframe to achieve the Council's expected outcomes for each project.

Department General Managers and Project Managers received financial reports based on their actual capital expenditures and commitments up to March 31, 2025. Using this information, they provided progress status updates and financial

forecasts at the project level, based on the best available information at the time. Future updates are subject to change based on the economic environment.

## **Attachments**

Attachment-1 2025 Capital Spending

Attachment-2 Q1 2025 Capital Budget Adjustments

## **Departmental Approval**

Karen Newland, Manager Budget Services

## **Report Author**

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

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## **This report was recommended by:**

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# Attachment-1: Q1 2025 Capital Spending

**Table 1: Capital Spending as of March 31, 2025 (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	63,646	43,927	73,015	8,110	39,546	12,685	7,304	110,056	103,516	6,105	467,910
2024 capital budget, approved	6,717	10,696	4,282	7,301	21,266	13,126	6,022	58,467	70,821	7,004	205,702
2024 additional approved funding	(34)	(244)	300	93	34	(154)	0	(3,047)	0	0	(3,052)
<b>Available capital funding</b>	<b>70,329</b>	<b>54,379</b>	<b>77,597</b>	<b>15,504</b>	<b>60,846</b>	<b>25,657</b>	<b>13,326</b>	<b>165,476</b>	<b>174,337</b>	<b>13,109</b>	<b>670,560</b>
2024 capital spending	6,397	3,575	4,754	1,647	1,228	641	394	2,222	3,866	1,353	26,077
Open purchase orders (PO)	52,635	9,055	61,216	8,545	17,945	3,209	1,784	21,708	63,495	2,148	241,740
<b>Total spending and commitments</b>	<b>59,032</b>	<b>12,630</b>	<b>65,970</b>	<b>10,192</b>	<b>19,173</b>	<b>3,851</b>	<b>2,178</b>	<b>23,930</b>	<b>67,361</b>	<b>3,500</b>	<b>267,818</b>
Projects closed	0	0	0	0	0	0	0	0	0	0	0
<b>Uncommitted approved budget</b>	<b>11,296</b>	<b>41,748</b>	<b>11,626</b>	<b>5,313</b>	<b>41,672</b>	<b>21,807</b>	<b>11,148</b>	<b>141,547</b>	<b>106,975</b>	<b>9,609</b>	<b>402,742</b>

Note: May not add due to rounding.

# Attachment-2: Q1 Capital Budget Adjustments

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

<b>ID</b>	<b>Capital account</b>	<b>Entry description</b>	<b>Budget increase / (decrease) \$</b>
BR-25CAP-05	FS0079 Bunker Gear	Receipt of Provincial grant funding for Cancer Prevention Initiatives	19,811
BR-25CAP-06	PM0010 Paramedic Vehicle Replacement	To add funding to PM0010 upon receipt of insurance funds	73,443
BR-25CAP-08	PL0086 Affordability Housing Demonstration Project (HAF-4B)	To move HAF funding forward from 2026 to 2025 to issue an RFP for the Affordable Housing Demo Project approved by HEST.	841,000
BR-25CAP-14	BR0011 Woodlawn Rd Speed River Bridge Rehabilitation (106)	Per Q4 2024 WIP Review meeting, push 2024 funding back to 2027 to align with the design of \$518K and then construction in 2028.	(69,000)
BR-25CAP-15	BR0013 Heffernan Pedestrian Bridge Rehabilitation (119, 120, 121)	Per Q4 2024 WIP Review meeting, push 2024 funding back to 2027 to align with the balance of design.	(91,000)
BR-25CAP-16	BR0023 Retaining Wall & Appurtenances Rehabilitation Program	Per Q4 2024 WIP Review meeting, release \$649k carryforward balance	(649,000)
BR-25CAP-17	EO0003 Historical Landfill Investigation	Per Q4 2024 WIP Review meeting, release \$2M from carryforward balance	(2,000,000)
BR-25CAP-18	PN0044 Nicklin Rd Reconstruction - Burns to Woodlawn	Per Q4 2024 WIP Review meeting, release all but \$50k from carryforward balance	(978,380)
BR-25CAP-20	PN0149 Watson Rd N Reconstruction - York Rd to Watson Pwky S	Per Q4 2024 WIP Review meeting, push existing funding back to 2028/2029	(230,000)
BR-25CAP-23	PN0271 York Road Reconstruction - Stevenson St. S. to Victoria Rd.	Per Q4 2024 WIP Review meeting, reduce budget by \$813,000. Reduction done proportionally excluding BFF.	(813,000)
BR-25CAP-24	RD0382 Stone Rd W/Scottsdale Multi Use Path - Hanlon to Edinburgh, and Janefield to Stone	Per Q4 2024 WIP Review meeting, reduce budget - account to stay open under proposed status for future budget forecast	(173,620)
BR-25CAP-31	IT0088 Information Technology Master Plan	Per Q4 2024 IT WIP Meeting, Release \$51000	(51,000)

<b>ID</b>	<b>Capital account</b>	<b>Entry description</b>	<b>Budget increase / (decrease) \$</b>
BR-25CAP-33	IT0112 Electronic Document Management System	WIP instruction to reduce 2025 budget and reallocate \$200,000 to 2026 and \$132,900 to 2027	(332,900)
BR-25CAP-34	EO0010 Environmental Site Assessments - Phase 1	Per Q1 WIP Review meeting, \$100,000 is needed for planned works. Remainder can be returned	(232,360)
BR-25CAP-35	PK0028 Margaret Greene Park Splash Pad	Per Q4 2024 WIP Review meeting, release all but \$50k from carryforward balance	(154,170)
BR-25CAP-36	SS0002 Hanlon Creek Business Park	Approved through Closed Council report dated Tuesday, January 28, 2025.	1,788,000
<b>Grand total</b>	n/a	n/a	<b>(3,052,176)</b>

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

<b>Description</b>	<b>Amount \$</b>
Additional funding (various projects) required at planning/purchasing stage	-
Additional funding required during project execution	213,842
Additional funding required at project closeout	-
<b>Grand Total</b>	<b>213,842</b>

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

<b>ID</b>	<b>Transfer from</b>	<b>Amount \$ (from)</b>	<b>Transfer to</b>	<b>Amount \$ (to)</b>	<b>Entry description</b>
BR-25CAP-07	FS0081 LDV Replacements	113,660	FS0089 HFV Replacement Pumper / Aerial	193,700	To cover increased prices on fire trucks due to USD exchange rates
	FS0094 Fire - Command Vehicle - IT Equipment Replacement	80,040			
BR-25CAP-13	PG0096 On-street Occupancy Sensors	61,000	PG0101 Parking Pay by Plate Conversion Project	61,000	To fund expected cost increase for License Plate Recognition Vehicles and equipment needed to operate the Pay By Plate system.
<b>Grand total</b>	n/a	254,700	n/a	254,700	n/a

**Table 4 - Reallocations greater than \$500,000 (based on the total reallocated to one capital account) to be approved on the Q2 Budget Monitoring Report.**

<b>ID</b>	<b>Transfer from</b>	<b>Amount \$ (from)</b>	<b>Transfer to</b>	<b>Amount \$ (to)</b>	<b>Entry description</b>
BR-25CAP-02	RF0095 Recreation Facilities Renewal	350,000	RF0103 West End Recreation Centre Updates	650,000	To reallocate funds from RF0095 (350,000) and PL0086(300,000) to RF0103. This is to move pottery from 14 Edinburgh to West End Recreation Centre so that 14 Edinburgh can be used for affordable housing demonstration project under HAF.
	PL0086 Affordability Housing Demonstration Project (HAF-4B)	300,000			
<b>Grand total</b>	n/a	650,000	n/a	650,000	n/a

**Table 5 – Funding Adjustments to be approved on the Q2 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-25CAP-01	Multiple	Tax sourced reserve funds	Development charge reserve funds	526,200	To adjust the 2025 budget for projects on the DC amendment for Growth Studies.
		Rate reserve funds		421,900	
				(948,100)	

<b>ID</b>	<b>Capital Account</b>	<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount \$</b>	<b>Entry description</b>
BR-25CAP-03	Multiple	Tax sourced reserve funds  Debt – tax sourced  Rate reserve funds  CCBF	Development charge reserve funds	144,500  1,437,800  1,013,100  1,841,250  (4,436,650)	To adjust 2025 budgets to 2024 DC study growth rates.
BR-25CAP-05	FS0054 Fire Facilities Renewal	Infrastructure renewal reserve fund	Provincial grants	29,571  (29,571)	To adjust for receipt of Provincial grant funding for Cancer Prevention Initiatives.
BR-25CAP-09	WC0060 Solid Waste Collection Truck - New	Development charges – waste diversion	Growth reserve fund	107,795  (107,795)	To adjust funding due to the blue box transition.
<b>Grand total</b>	n/a	n/a	n/a	-	n/a