Staff Report

To	Committee of the Whole
Service Area	Office of the Chief Administrative Officer
Date	Tuesday, December 2, 2025
Subject	**2025 Third Quarter Budget Monitoring Report**

Recommendation

1. That the capital project budget adjustments in Attachment 2, Funding Adjustments (Table 4) be approved.

Executive Summary

Purpose of Report

The purpose of this report is to provide Council notice of any financial risks that could affect the 2025 year-end position, to highlight significant capital project activity and milestones, as well as seek approval of capital budget and funding changes. This report includes the third quarter's (Q3) actual financial information for both the operating and capital budget for each department and capital program of work as of September 30, 2025.

Key Findings

Overall, from an operating perspective, the City is projecting a year-end deficit of $3.1 million or (0.54) per cent of gross operating expenditure. The Second Quarter (Q2) 2025 Budget Monitoring report projected a $3.8 million deficit and identified several factors that continue to impact year end budget results.

Current year-end projections indicate the tax-supported budget will be in an estimated deficit position of $434 thousand (Q2 - $1.9 million) and the non-tax supported budget will be in an estimated deficit position of $2.6 million (Q2 - $1.9 million). Actual year-end results may be impacted further by unforeseen factors. Staff will remain focused on service delivery and expense management to help mitigate the projected deficit.

From an operating budget perspective, there are several notable trends impacting projections including:

Revenue-related trends:

- Lower than budgeted development and growth-related revenue streams: Planning, Building, and Engineering fees, as well as Water and Wastewater rates and supplementary taxes due to not meeting growth assumptions.
- Surplus revenue projections for Transit, Culture and Recreation, City Clerks Office, Finance and General Revenues.

Compensation-related trends:

- CUPE 241 and 973 agreement ratified June 10, 2025; costed at a $2.4 million impact on 2025 budget.
- Overtime pressures: deficit in Paramedics, Fire, and Transit due to on-going employee leaves and requirements to maintain minimum staffing requirements. Deficits are also reported in Corporate Building Maintenance, Roads and Parks.
- Additional program specific staffing cost pressures to respond to service demands including winter response, implementation of the public space use by-law, and summer camp enrollment.
- Continued recruitment and retention challenges in certain departments creating savings to help mitigate compensation pressures corporately.

Buildings, vehicles and equipment maintenance related trends:

- Price escalation on original equipment manufacturers or equivalent parts has been significant and is driving up costs.
- Continued experience of aging infrastructure, vehicles and equipment resulting in more frequent unplanned maintenance and emergency failure work, projecting a $850 thousand deficit for building maintenance, and $2.2 million deficit for vehicle and equipment maintenance.

Corporate fuel and utilities trends:

- $1.4 million projected savings due to the consumer carbon tax reductions on fuel; savings related to natural gas were not realized in 2025 due to timing of the removal of the carbon tax and seasonality of the expenses.

From a capital budget perspective as outlined in Attachment-1, total spending on capital projects to the end of Q3 was $135.3 million and purchase order (PO) commitments at September 30, 2025, had an overall value of $197.5 million. This leaves $336.0 million of approved budgets yet to be executed. The per cent spent/committed at the end of September was 74.1 per cent. To meet the 80.0 per cent target by December 31, 2025, $76.4 million in new spending and/or POs would need to be made. Due to procurement delays, there are several projects most significantly, Speedvale Road Reconstruction Phase 2, that were anticipated to be committed by year-end however conservative projections now see those budgets committed in early 2026. As a result, the City is at risk of not meeting our 80.0 per cent target by December 31, 2025, and will likely fall just short of that metric.

The net budget reduction as of the end of Q3 was $4.8 million. This includes reductions made through the 2024 year end work in progress review completed in first quarter (Q1) 2025, continued budget monitoring and 2026 budget development work. These funds have been returned to the originating reserve funds. The net budget reduction is a combination of increases for some projects and decreases for others. Budget increases include advancement of projects from future years such as the $5 million for the Guelph Transit Central Station Electric Bus Charging approved with the Q2 Budget Monitoring Report and the addition of budgeted expenditures for the South End Community Centre and Lyon Pool funded by the Community Sport and Recreation Infrastructure Fund (CSRIF) grants.

Capital revenues are at risk as year-to-date Development Charge (DC) collections are only 15.0 per cent of budgeted collections as of Q3. While DC exemptions and discounts are also tracking below budget, 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 revised the 2025 to 2027 DC collections forecast downward for the 2026 Budget Update. This adjustment resulted in capital project deferrals through the 2026 Budget Update to align with lower available revenue. In addition, new legislation affecting DCs received Royal Assent earlier this year, and the associated order-in-Council to implement these changes was made on October 30, 2025. Effective November 3, 2025, DC payments for most residential developments can now be deferred until occupancy. This represents a significant shift from the previous requirement to pay DCs at building permit issuance and will significantly impact the timing of cash flows for municipalities. Staff are in the process of analyzing the changes and working to stay ahead of evolving provincial legislation.

Staff continue to actively pursue funding opportunities as federal and provincial grant programs evolve. These efforts are instrumental in offsetting the financial impacts of reduced DC revenues and other budgetary pressures. The cross-functional grant management team has been enhancing internal procedures to support the timely and competitive submission of applications across a wide range of programs. As of Q3 2025, the City has submitted grant applications with a total request of $56.7 million, which remain under review by the respective funding agencies. Looking ahead, staff anticipate additional funding opportunities to be announced in Q4 and are preparing to respond strategically to maximize potential support.

In June 2025, the City issued 1-20 year serial debentures totalling $58 million. There was significant investor interest in this issuance, which is not present in every issue. Government bond yields declined in September, resulting in a lower cost of borrowing for new issues. If yields remain favourable, staff may consider another issuance in 2025 under the Debenture Issuance Authority.

Strategic Plan Alignment

Reporting quarterly on the financial status of the operating and capital budget supports the Future Guelph Strategic Plan’s Foundations by 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 2025, S&P reaffirmed the City’s AAA financial credit rating with a stable outlook. However, the report cautions that the road ahead shows signs of downward rating pressure due to the size of the capital plan and the resulting increased 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 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. The credit rating is a factor that 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.

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 budgets.

The Q3 budget monitoring report offers a projection of the year-end position for 2025 and details the drivers influencing this projection.

Tariffs and Economic Uncertainty

As noted in the Q1 report, tariffs and economic uncertainty are affecting both operating and capital budgets. Threats of new and continued United States (U.S.) tariffs continue to create a challenging economic landscape as Canada, and the U.S. continue to negotiate an updated trade agreement. Staff are monitoring this evolving situation, including tracking direct tariff costs to the extent possible, taking steps to mitigate tariff related budget pressures and ensuring the City is positioned to take advantage of any additional grant opportunities that may come from the Provincial and Federal Governments. To date, however, minimal tariffs have been explicitly itemized on vendor invoices. As the City does not typically import raw materials and primarily consumes finished goods, the direct effect of tariffs remains difficult to quantify as they may be embedded in higher pricing throughout the supply chain and not explicitly called out on vendor invoices. Nonetheless, staff have observed a noticeable increase in the cost of some goods, which may be partially attributable to tariff-related pressures.

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 September 30, 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 along with projections to year-end based on all available information at the time of this report.

Corporate Variance Drivers:

The corporate variance drivers outlined below offer an overview of the factors projected to influence the City's 2025 year-end position. These factors are shaped by seasonality, timing, unpredictable market forces, and events beyond the City's control. The impacts from the corporate variance drivers will impact all departments and are discussed corporately to avoid significant repetition throughout the report.

Revenue:

City departments have identified a range of opportunities and risks affecting revenue collection in 2025. Trends observed in the first half of the year continue to influence outcomes, largely driven by external factors beyond the control of City staff.

Among the key risks, Ontario Building Code, Engineering, Water and Wastewater Services, and General Revenues are facing revenue shortfalls due to decreased activity in the building sector, and fewer new housing starts than anticipated in the budget.

Ontario Building Code (OBC) permit revenue is experiencing the most significant impact, with a projected year-end deficit of $3.1 million compared with budgeted revenue. Updated OBC revenue assumptions have been factored into the 2026 budget update.

Water and Wastewater Services are projecting a combined revenue deficit of $995 thousand, driven by lower annual consumption, and fewer new connections than budgeted in the rate model. Additionally, there has been a delay in receiving revenue information from the current billing agent, and the full year projections are therefore based on actual information received to the end of June combined with prior years' experience for the remaining months.

Engineering and Transportation Services is projecting a $188 thousand shortfall in site plan development fees.

An overall revenue surplus of $380 thousand is projected in General Revenue, driven by interest and penalties however, this surplus is offset by a $1 million potential deficit in supplementary taxes. This is a tentative projection, and it can change significantly in the last quarter of the year as the Municipal Property Assessment Corporation works to enter updated assessments ahead of the 2026 tax roll close.

Court Services are projecting a $398 thousand revenue deficit primarily driven by reduced charge volumes in Provincial Offences and the Automated Speed Enforcement and Red Light Camera programs. These charges are currently processed through the Provincial Offences Act (POA) system, which is experiencing capacity constraints. This is further influenced by the postal disruption which interrupted the mailing of camera based fines. This is partially offset with lower processing fees. Processing capacity constraints are expected to be relieved in January when processing for Red Light Cameras and Automated Speed Enforcement move to the Administrative Penalty System. Staff will analyze the impact of the loss of Automated Speed Enforcement program on the City's revenue, expenditures, and capital investment in road safety measures as a result of Bill 56 Building a More Competitive Economy Act. Updates will be made through the 2027 budget update.

Parking revenues are projected to end the year with a $115 thousand shortfall due to lower monthly permits and hourly revenues; there is potential risk associated with one significant holder of multiple permits for parking fees owing to the City that could increase the shortfall to closer to $1 million.

On the opportunities side, several departments are projecting revenue surpluses.

Culture and Recreation is projecting a revenue surplus of $600 thousand due to a successful camp season combined with strong event revenue driven by an extended Guelph Storm season. This will be offset by increased costs for food and beverages, part-time staffing, artist fees, and programming expenses. The Museum has mitigated earlier concerns about grant, donation, and sponsorship revenue through a successful grant application. Up to $60 thousand per year will be received over 2025–2026 via the Museum Assistance Program, Indigenous Heritage Component.

Transit continues to experience increased ridership, which is driving a projected revenue surplus of $500 thousand in 2025.

An Economic Development revenue surplus projection of $410 thousand is primarily driven by the sale of Hanlon Creek land, combined with the receipt of the Investment Readiness and Community Competitiveness Initiative Grant (ICCI). The land sale revenue of $370 thousand has been transferred to the Industrial Land Reserve (332).

The City Clerk's Office is projecting a revenue surplus of $275 thousand from the Committee of Adjustment fees, which cover applications for lot creation, boundary adjustments, and minor variances to zoning by-laws. The volume of Committee of Adjustment applications has seen a sustained higher level of activity and staff are working to forecast a reasonable revenue adjustment for 2027 to reflect that along with additional resources that are required to service this higher level of activity.

Environmental Services is projecting a revenue surplus of $242 thousand due to higher-than-expected transfer station revenue resulting from additional commercial traffic at City facilities during the temporary closure of the Waste Co collection site.

Stormwater revenue is projected to end the year with a surplus of $120 thousand, primarily due to the collection of arrears payments.

Finance is projecting a $113 thousand revenue surplus in user fee revenues due to higher than budgeted arrears related fees.

While several departments are facing notable revenue shortfalls due to external economic factors, other areas are demonstrating resilience and growth. Ongoing monitoring and flexible planning will help manage risks and take advantage of new opportunities. Overall, revenue projections are trending to a minor year end deficit of $628 thousand or (0.1) percent of budget.

Compensation:

The second quarter report projected a $3 million compensation deficit. By the end of Q3, overall compensation for City staff (excluding Local Boards) is trending slightly over budget, with a revised year-end deficit of $700 thousand. Mitigation measures—such as pausing recruitment for select positions—have helped improve the forecast and will remain in effect through year-end. Additionally, Council’s in-year approval of a $1.3 million increase to the Guelph Wellington Paramedic Services compensation budget, as outlined in the second quarter report, has further contributed to the improved projection.

Staff vacancies, which create budget savings but constrain service delivery, most notably in Planning and Building Services, Engineering and Transportation Services, Water and Wastewater Services, Operations, Finance, and Legal and Courts Services, are gradually being filled and are no longer enough to fully offset the compensation pressures in other areas.

The most notable compensation pressure is related to the June 10, 2025, ratification of the collective agreement with CUPE Locals 241 and 973, representing approximately 700 operational staff across City departments. The agreement resulted in additional costs above the 2025 adopted compensation budget of $2.4 million as the collective agreement was reached after the 2025 budget was re-adopted by Council. This impact assumes a fully staffed workforce; however, the actual financial impact will depend on position vacancies throughout the year.

A year-end deficit related to the CUPE ratification may be funded from the Compensation Contingency Reserve (131) for CUPE staff in tax supported services, and the appliable rate supported contingency reserves for water, wastewater, stormwater, parking, courts, and OBC CUPE staff. The updated CUPE agreement positions Guelph in alignment with other local and regional CUPE employers and is a positive step toward improving recruitment and retention of unionized staff. A budget adjustment for the ratified CUPE agreement is included in the 2026 budget update.

Overtime and backfill pressures continue to impact the compensation budgets of our emergency services and transit departments, where minimum staffing requirements mandate coverage for employees on various forms of leave. Despite the in-year budget adjustment reducing the impact on Guelph Wellington Paramedic Services, corporate overtime budgets for City staff have already been exceeded for the year. In addition, overtime pressure is also being experienced in Building Maintenance to address unplanned work related to failures, or flooding, and Roads and Parks due to the unusually severe winter weather during Q1.

To address service gaps, additional staffing resources in the Corporate and Community Safety team were approved to address safety in the downtown core and encampment response. The advance hiring of an Abilities and Occupational Health Specialist to support employees on leave and to return to work safely was also approved in the Human Resources department.

The Recreation division has continued to experience a notable increase in temporary staffing and contracted support costs to provide inclusion support at camps. These costs vary annually, and the City remains committed to fulfilling its duty to accommodate all requests.

Corporate Utilities:

Year-to-date utility spending is trending close to budget with no significant variance projected come year-end. Staff will continue monitoring utility rate increases, new facility construction (South End Community Centre and Baker Library), and the transition from fossil fuels to electrification. Energy management measures remain in place to reduce consumption, GHG emissions, and financial risk. Utilities savings from the removal of the consumer carbon tax in April 2025 will be most prevalent beginning in early 2026 given the significantly larger cost of utilities in the winter months.

Corporate Fuel:

Corporately, fuel budgets are projected to have a year-end surplus of $1.4 million. The removal of the federal consumer carbon tax has had a direct and immediate impact on the cost of diesel and gasoline. Fuel consumption is also down compared to budgeted consumption due to the electrification of our fleet, most notably within Transit.

The Multi-Year Budget (MYB) was prepared amid rising fuel prices, leading to the inclusion of a phased fuel cost increase for 2025, supported by reserve transfers. If the projected surplus is realized, the $581 thousand transfer from the Environment and Utility Contingency Reserve (198) will no longer be necessary.

Corporate Vehicle and Equipment Repairs and Maintenance:

As of Q3 2025, the City is facing a fleet maintenance deficit of $2.2 million, allocated as follows:

- Non-transit fleet: $960 thousand (distributed amongst department users)
- Transit fleet: $1.2 million

Key drivers of the repairs and maintenance pressures include:

- Aging Fleet Assets - Many fleet vehicles have exceeded their intended service life. To keep them operational, additional maintenance is required, increasing both frequency and cost of repairs.
- Rising Parts Costs - The cost of vehicle parts has surged significantly. This trend is affecting a wide range of components, straining the maintenance budget. The City does not source these parts directly from the U.S. but suspect the vendors we use are seeing tariff impacts in their supply chains and are passing those costs on through increased prices.
- Transit fleet challenges arise from the fact that most replacement parts are proprietary to the bus manufacturers, with limited high-quality alternatives available. As a result, repair and maintenance costs are expected to remain elevated.
- Increased Contracted Maintenance Costs - Due to internal staffing shortages in fleet services, critical maintenance tasks are being outsourced. Vendors, facing high demand from the City and other clients, have raised their prices. The limited number of qualified service providers has further reduced competitive pricing options.

Fleet Services is actively exploring mitigation efforts including:

- Alternative suppliers to source parts at more competitive prices.
- Cost-saving strategies to reduce reliance on external contractors and manage the impact of inflation on maintenance operations.
- Strategies to accelerate capital vehicle replacement budgets are in place to allow for a longer lead time when ordering.

Corporate Building Repairs and Maintenance:

As of Q3 2025, a year-end shortfall of $850 thousand in building maintenance budgets across departments is projected. As building assets continue to age and life cycles are extended, we are seeing a growing number of repairs, rising maintenance expenses, and more frequent equipment failures. This trend increases the risk of unforeseen critical breakdowns and emergency after-hours service calls. Additionally, newer building systems, while more efficient, are becoming increasingly digitized and complex, requiring more staff time and third-party contractor support, along with higher costs for replacement parts when failures occur.

Several unforeseen and urgent repairs have contributed to the projected deficit, including:

- Generator failure at City Hall resulting in unforeseen rental costs while awaiting replacement parts (approximately 12 weeks).
- Repairs at the Guelph Youth Music Centre and the Guelph Youth Shelter.

- Ongoing mould remediation at multiple City buildings.
- A sprinkler system failure at the Provincial Offences Court.
- Urgent HVAC and mechanical repairs including boilers, hot water tanks, exhaust fans, and sensors have also been necessary at Victoria Road, West End, and River Run.
- Rising emergency repair costs (including overtime) as building systems age and operate beyond their intended life span.

In response to these challenges, the Corporate Building Maintenance team is taking a proactive and strategic approach to ensure the sustainability and resilience of City facilities. Key initiatives include:

- Strengthening interdepartmental collaboration: Enhancing service level agreements and providing departments with timely, detailed maintenance updates to support more effective planning, coordination, and accountability.
- Driving operational efficiency: Analyzing trends and root causes of both planned and unplanned maintenance activities to improve prioritization, optimize workforce deployment, and ensure the most effective use of available resources.
- Aligning budget and capital planning: Undertaking a comprehensive internal review of capital planning policies to ensure that maintenance investments are strategically aligned with the City's long-term infrastructure priorities, asset management goals, tangible capital asset guidelines, and fiscal sustainability.

These efforts reflect the City's commitment to maintaining safe and functional facilities while remaining accountable to residents and taxpayers.

Winter Related Events:

The severity of winter weather in Q1 2025 has created significant budget pressures across several operational areas. In February, the City declared a significant weather event due to extreme winter conditions. Cleanup efforts impacted multiple departments in both materials and staff overtime costs. The Roads Division of the Operations Department projects a winter control deficit of $525 thousand at year-end, and Parks anticipates a $100 thousand deficit related to overtime. The actual outcome will depend on fourth quarter weather conditions. The winter control deficit may be funded from the Environment and Utility Contingency Reserve (198) at year-end in accordance with the Reserve and Reserve Fund Policy.

Department Specific Details

Ontario Building Code (OBC)

Ontario Building Code projects a year end deficit of $2.5 million as their budgets continue to experience significant pressures in 2025 due to slow permit issuance for new housing starts. Statistics Canada's data reports a 5.9 per cent decline on a year over year basis in the total value of building permits nationwide in August, with Ontario seeing significant drops in both multi-family and single-family permits. This trend mirrors our local experience, where permit fee revenues continue to fall well below budget expectations, despite maintaining high overall permit volumes.

Key factors impacting revenue include:

- Political and legislative uncertainty: Developers are facing lower pre-sales and ongoing uncertainty related to development charges, HST exemptions,

legislation changes, tariffs, and construction costs, which is discouraging investment and delaying projects.
- Interest rate reductions not stimulating activity: Although interest rates decreased in the spring, there has been no meaningful uptick in construction activity.
- Provincial forecasts: The Ontario Budget projects a 20 per cent decline in new home construction, making it unlikely that the City will meet its Housing Pledge targets. These targets were foundational to the OBC revenue increases included in the Multi-Year Budget.
- Delayed high-value permits: High value permits (multi-residential and commercial/industrial) are being delayed to the current economic climate.

In order to mitigate the impact of reduced revenue, recruitment for three positions approved in the 2025 budget was delayed.

If current trends persist, there is concern about the OBC reserve balance in 2026, which could impact future service delivery and capital planning. The 2026 budget update reflects a more achievable revenue budget given the current provincial forecasts and economic climate, with adjustments to expenditures to achieve a sustainable business model.

Capital Budget

The capital budget carried over from 2024 was $467.9 million (of which $235.7 million was committed on purchase orders prior to year-end), in addition to a Council adopted 2025 budget of $205.7 million. Capital budget additions and adjustments made up to September 30, 2025, resulted in a net budget reduction of $4.8 million. This includes the increase in the capital budget due to the addition of grant revenue, receipt of insurance proceeds for Paramedics, additional budget approved for Hanlon Creek Business Park, as well as budget reductions and deferrals made as a result of an in-depth 2024 year-end review process and preliminary 2026 budget development reviews. This provided for a total available budget of $668.8 million at the end of Q3. A summary of capital activity to the end of the quarter is included in Attachment-1 Q3 2025 Capital Spending. Capital budget adjustments made in Q3 can be found in Attachment-2 Q3 2025 Capital Budget Adjustments.

Total capital spending to the end of Q3 was $135.3 million, which was $26.0 million more than the first three quarters of 2024. At September 30, 2025, there was $197.5 million in issued POs, which was $90.2 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 have seen significant spending drawing down the open PO balances as building activity has progressed.

On September 30, 2025, the uncommitted approved budget, which is yet to be executed, was $336.0 million, which is $71.7 million more than the same quarter of 2024.

The per cent spent/committed calculated as the total lifetime spend plus commitments as a percentage of total lifetime budget at the end of September was 74.1 per cent. For the 80.0 per cent spent/committed target to be met by year end an additional $76.4 million of new spending and/or commitments would be required. The City is at risk of not meeting the 80.0 per cent target, likely falling just short of this target at year-end. Due to extended procurement timelines caused in part by staff vacancies, project complexities, and the high volume of tenders experienced in the last half of the year, several projects that are anticipated to go through procurement in Q4 2025, are now being estimated to award and issue POs to commit those budgets in early 2026. For example, Speedvale Road Reconstruction Phase 2 that was anticipated to get to the award stage by Q4 2025 is now being conservatively estimated for early 2026 ($18.1 million is projected to remain uncommitted by year-end). Additionally, increases to the capital budget since Q2, including grant approvals and advancing future budgets into 2025, have increased the value of the 80.0 per cent target to $259.6 million (based on life-to-date approved budgets for open projects) to be executed on December 31, 2025 ($256.8 million at Q2).

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 thousand. 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 $10.0 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 22 projects that account for 11 per cent of the total capital program (by available budget).

Capital spending within this program of work to the end of the quarter was $23.7 million with another $39.0 million in PO commitments as of September 30, 2025. Remaining to be executed is $7.7 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:

- (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. Interior partition walls along with HVAC, plumping and electrical rough-ins are ongoing.
- (GG0245) Administration Facilities Renewal ($3.7 million) – Renovations at the Lawn Bowling Club were completed and workspace optimization initiatives are also underway.
- (RD0401) Public Works Vehicle and Equipment Replacement ($1.3 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 and a hybrid SUV are on order with expected delivery in Q4 2025.

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 ($1.7 million) – budget to be spent on foundation restoration of the historic Provincial Offences Act building.
- (GG0245) Administration Facilities Renewal ($1.2 million) – additional spending is planned on phased replacement of City Hall windows, workspace optimization and renovations at the Annex Building including masonry and windows.

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

Capital spending within this program of work to the end of the quarter was $11.3 million with another $8.8 million in PO commitments as of September 30, 2025. Remaining to be executed is $32.7 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 ($3.2 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 90 per cent completed), Ring 2 – west and northward from City Hall (approximately 36 per cent completed) and Ring 3 – south of City Hall (approximately 87 per cent completed). Additionally, 19 City-owned facilities have been cutover onto the new fibre network so far and approximately 71 traffic signals have been connected. Staff are targeting completion of this project for the end of 2026 now due to a reduction in project scope.
- (SS0002) Hanlon Creek Business Park ($2.1 million) – environmental monitoring is ongoing.

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

- (PN2439) ERP Program Implementation ($5.3 million) – project is progressing as per plan. Majority of uncommitted funding is planned for program implementation of the financial system’s procurement module in early 2026, followed by enterprise asset management implementation later 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.

- (SS0025) Baker Street Development ($1.8 million) – as noted above, this 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.

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 26 projects that account for 13.0 per cent of the total capital program (by available budget).

Capital spending within this program of work to the end of the quarter was $29.4 million with another $39.2 million in PO commitments as of September 30, 2025. Remaining to be executed is $17.5 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:

- (RF0093) South End Community Centre Construction ($65.2 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. Exterior building cladding work is underway. Interior partition walls including drywall are constructed and finishing works have started for the building interior. Tiling works in the aquatics area have begun. Refrigeration piping and arena slabs are also under construction. Parking has been switched over to the new lot. The South End Community Centre was awarded a $10 million grant from CSRIF through the Ministry of Sport. Of the $10 million grant, $5.5 million will be utilized for value-added enhancements as outlined in the October 8, 2024 Council endorsement request which will help offset future operating costs and increase the revenue generating potential of the site. The other $4.5 million is being utilized to reduce the current funding sources proportionately (94.7 per cent development charge funded, and 5.3 per cent property tax funded). These budget adjustments appear on Attachment-2, Table 1 and Table 4.
- (CT0008/CT0010) Culture Facilities Renewal ($1.5 million) – River Run Centre vestibule upgrades are underway along with theatre lighting upgrades. Work on humidification upgrades at the Civic Museum is underway.
- (RF0103) West End Community Centre Upgrades ($0.7 million) – Relocation of the Guelph Community Pottery Centre from Edinburgh Road includes renovation of the second floor space. The scope of work includes architectural, mechanical, electrical, and minor structural work. Replacement of rooftop HVAC units have been integrated into the design and funded through GG0261 100RE initiatives. Renovations are now complete, and members of the community were invited to an open house on October 24th, and programs are now available on Rec Enroll.

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

- (RF0093) South End Community Centre Construction ($5.9 million) – budget remaining is allocated for project contingency and value-add enhancements made possible through the grant received. The facility is expected to open in the second half of 2026.
- (RF0097) Lyon Pool Restoration ($3.0 million) – Lyon Pool was awarded a $1 million grant from CSRIF through the Ministry of Sport. This project has been added to the budget as outlined in the October 8, 2024, Council endorsement request. Design work is underway along with finalization of the scope and budget, and construction is anticipated to begin in 2025.
- (CT0008/CT0010) Culture Facilities Renewal ($3.3 million) – budget remaining for the replacement of the fixed theatre seating and flooring at River Run Centre, Farmers' Market building envelope restoration. HVAC replacement at Sleeman Centre has been broken out into its own account (CT0013) and Canada Community-Building Fund funding has been allocated to it, it is currently in the procurement stage.

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 three per cent of the total capital program (by available budget).

Capital spending within this program of work to the end of the quarter was $3.9 million with another $7.8 million in PO commitments as of September 30, 2025. Remaining to be executed is $6.0 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:

- (FS0089) Heavy Fire Vehicle Replacement Pumper/Aerial ($4.4 million) – tender for two trucks has been awarded and PO issued.
- (PM0010) Paramedic Vehicle Replacement ($3.1 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 originally budgeted in 2025 and four originally budgeted in 2026, for which the budget has now been moved forward into 2025), these units have now been ordered with deposits paid in Q1.
- (FS0091) Fire Dispatch Phone System NG-911 ($1.1 million) – work continued on the transition to the Next Generation 911 (NG-911) system. This project is supported through a provincial grant from the Ministry of the Solicitor General. Guelph Police transitioned in early September and Guelph Fire is anticipated to go-live for NG-911 November 20, pending approval from Bell Canada.

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

- (FS0091) Fire Dispatch Phone System NG-911 ($1.8 million) – once the project is complete and final grant accounting is submitted (anticipated at end of Q2 2026) the project funding will be reconciled with any excess City funding returned to the originating reserve funds.

- (FS0101) Breathing Air Compressors and SCBA ($1.3 million) – the purchase order has been issued in Q4 2025 and commits this budget.
- (PM0010) Paramedic Vehicle Replacement ($0.8 million) – this is the 2027 budget that was advanced to 2025 through the Q2 Budget Monitoring Report. Vehicles are anticipated to be ordered in Q4 2025.

Parking and Transit Services

This program of work includes the following subprograms: Parking Services and Guelph Transit. There are a total of 31 projects that account for nine per cent of the total capital program (by available budget).

Capital spending within this program of work to the end of the quarter was $15.1 million with another $6.2 million in PO commitments as of September 30, 2025. Remaining to be executed is $41.5 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:

- (TC0059) Guelph Transit and Fleet Services Facility (ICIP-GUE-03) ($7.7 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. Early site works including invasive species removal, vegetation removal, tree protection and installation of construction fencing is taking place this fall. The construction of this project is budgeted in 2026, and an update on the design and plan was presented to Council through the June 17th report entitled Fleet Electrification, Transit and Facility Needs, ICIP Funding and Budget Update.
- (TC0070) Bus Electrification – replacement (ICIP-GUE-04) ($7.5 million) – six zero emission buses to replace end-of-life diesel buses have been received.
- (TC0079) Route Review – Year 3 (ICIP-GUE-01) ($2.5 million) – two electric buses have been received.

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

- (TC0059) Guelph Transit and Fleet Services Facility (ICIP-GUE-03) ($13.7 million) – Construction of this project is budgeted in 2026, and an update on the design and plan was presented to Council through the June 17th report entitled Fleet Electrification, Transit and Facility Needs, ICIP Funding and Budget Update.
- (TC0096) Route Review – Year 5 (ICIP-GUE-01) ($8.4 million) – TC0092 Route Review – Year 4 has been consolidated into this project, tendering is anticipated in late 2025 (pending charging capacity timing through advancing the on-route chargers) for projected delivery in mid-2028.
- (TC0097) Bus Replacements and Refurbishments ($6.3 million) – refurbishment of end-of-life diesel buses is in the procurement stage.

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

Capital spending within this program of work to the end of the quarter was $4.1 million with another $2.7 million in PO commitments as of September 30, 2025. Remaining to be executed is $19.6 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:

- (PO0045) Parks Vehicles and Equipment Replacement ($1.2 million) – replacement vehicles and equipment are on order including an aerial truck and two multi-purpose municipal refuse compaction units. Major repair and component replacements have occurred on two units to extend their useful life. A flail mower and front mount tractor have been purchased.
- (PO0034) Parks Operations Facilities ($1.1 million) – Silvercreek washroom renovation and pavilion replacement has been completed.
- (PK0130) Playground Equipment Replacement ($1.0 million) – construction is nearing completion for the replacement of playground equipment at Colonial Drive Park, Holland Crescent Park and Highview Park. Construction of Drew Park has been consolidated into this account and is expected to be tendered by Q1 2026.

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) – construction of Library Square is currently anticipated for 2026 however the timing of construction of Wyndham Square is uncertain and is dependent on the timing of the private components.
- (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 by the end of Q1 2026 and replacement to occur by summer 2026.

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 within this program of work to the end of the quarter was $1.3 million with another $4.0 million in PO commitments as of September 30, 2025. Remaining to be executed is $7.3 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:

- (WC0042) Organic Waste Processing Facility Asset Replacement ($1.8 million) – the design and replacement of the SCADA control system at the Organics Waste Processing Facility is the main driver of spending and commitments in this account.

- (WC0055) Material Recovery Facility Retrofit for Collections Operations Centre ($1.0 million) – roof construction contract has been awarded and work is underway.
- (WC0039) Solid Waste Fleet Assets Replacement ($737 thousand) – one light duty replacement truck has been received. One replacement waste collection truck is on order. Two additional hybrid vehicles are on order.

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

- (WC0042) Organic Waste Processing Facility Asset Replacement ($952 thousand) – Additional work to be committed by the end of the year includes stack blower fan, tunnel irrigation, tunnel floors and wall repairs and fire suppression.
- (WC0023) Waste Resource Innovation Centre Site Asset Replacement ($931 thousand) – budget will be committed by the end of the year for sanitary lifting stations, fire hydrants, fueling station repairs and site asphalting.
- (WC0041) Materials Recovery Facility Asset Replacement ($683 thousand) – decommissioning and removal of recycling equipment is upcoming.

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

Capital spending within this program of work to the end of the quarter was $22.0 million with another $34.8 million in PO commitments as of September 30, 2025. Remaining to be executed is $101.1 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:

- (PN0110) York Rd. Reconstruction – Victoria Rd. S. to Watson Parkway ($7.9 million) – Stage 1 from Watson Parkway to the east city limit has been tendered and construction started. Tendering for Stage 2 is anticipated in late 2025/early 2026.
- (PN0060) Wyndham St. N. Reconstruction – Farquhar to Woolwich ($7.4 million) – Construction tender is expected to be awarded in Q1 2026 for 2026 construction.
- (RD0379) College Avenue Protected Bike Lanes (ICIP-GUE-05) ($5.5 million) – construction of Phase 1 (Edinburgh Rd. S. to University Ave. W.) is complete. Phase 2 (University Ave. W. to Gordon St.) construction is underway with completion expected Q3 2026 (which includes replacement of underground water and sewer pipes, as well as completing off-road cycling infrastructure). Phase 3 (Janefield Ave to Edinburgh Rd. S. and Gordon St. to Dundas Lane) tendering has been deferred to late 2026. More information on this project can be found on the College Avenue infrastructure upgrades webpage.

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

- (PN0060) Wyndham St. N. Reconstruction – Farquhar to Woolwich ($18.4 million) – Construction tender is expected to be awarded in Q1 2026 for 2026 construction.
- (PN0097) Speedvale Road Reconstruction – Glenwood to Manhattan ($18.3 million) – Phase 2 construction tender is expected to be issued in Q4 2025 and awarded in early 2026 (GJR tracks east of Speedvale/Woolwich intersection to Riverview Drive) and Phase 3 design (Riverview Drive to Manhattan Court) has been completed and design packages are expected to be finalized in 2025 with tendering towards the end of the year.
- (PN0142) Gordon St. Widening – Lowes to Edinburgh ($8.9 million) - construction tender is expected in early 2026 for construction in 2026.

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 25 per cent of the total capital program (by available budget).

Capital spending within this program of work to the end of the quarter was $20.6 million with another $53.4 million in PO commitments as of September 30, 2025. Remaining to be executed is $95.7 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:

- (WT0064) FM Woods Station Upgrade ($37.7 million) – construction is progressing as planned. Concrete works are ongoing, all major shop drawings have been approved and ordering and receiving of equipment continues.
- (ST0003) Biosolids Facility Upgrade ($8.1 million) – the tender for design and construction administration was awarded and PO has been issued. Currently in preliminary design phase.
- (ST0043) Tertiary Treatment Process ($4.8 million) – the PO has been issued for design and construction administration. Sixty per cent engineering designs are in progress.

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

- (ST0043) Tertiary Treatment Process ($45.4 million) – construction is now expected to be tendered in Q1 2026 and awarded in Q2 2026 which will commit the majority of the uncommitted balance.
- (WT0064) FM Woods Station Upgrade ($9.9 million) – uncommitted includes construction and market contingency for the booster pumping station along with the purchase of pumps and generator which is outside the scope of the construction tender. Through the evolution of the design, it was determined that one of the two backup generators that were budgeted were no longer required and a budget reduction of $2 million was processed (Attachment-2, Table 1).
- (ST0037) Wastewater SCADA Network and Automation Upgrade ($2.3 million) – progress has slowed due to scope changes on related projects, however, it is expected that as designs are finalized, controls and equipment purchases will begin.

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 within this program of work to the end of the quarter was $3.9 million with another $1.7 million in PO commitments as of September 30, 2025. Remaining to be executed is $7.4 million of the budget.

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

Capital Revenues

Development Charges

Collections

Development Charge (DC) collections through September 30, 2025, were $8.1 million and, if collections continue at the same pace to year-end are trending toward a year-end forecast of 20.1 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. Through September 30, actual DC collections were linked to the timing of the building permits being issued for development and redevelopment. Building permit activity in 2025 has continued at the low levels observed throughout 2024. As part of the 2026 Budget Update the City's DC collections forecasts has been revised to account for the slowdown in construction activity in the current economic environment.

Effective November 3, 2025, changes made under Bill 17 came into effect and now allow DC payments for most residential developments to be deferred from building permit issuance to occupancy. This represents a significant shift in timing and will materially impact cash flow for municipalities. On average, the time between building permit and occupancy for residential buildings is approximately six months to 30 months, depending on the development type. Delays in DC collection timing will need be factored into the DC collections forecast and will likely require further capital project deferrals through the 2027 budget update unless offsetting provincial grant funding is provided. This change also necessitates substantial updates to internal administrative processes and systems for DC collections. Staff are actively working to quantify the financial and operational impacts of these changes and working to stay on top of the frequently evolving provincial legislation.

As communicated through the 2026 Budget Update, the capital budget and forecast will remain flexible in response to DC collections. With 22 per cent of projected collections received in 2024 and 15.0 per cent to the end of September in 2025, the DC reserve fund balances are anticipated to be well below the projected balances included in the 2025 budget confirmation. With DC payments for non-rental residential developments now collected at occupancy, this creates further delays with cash inflows, adding additional uncertainty to reserve forecasting. Staff are actively monitoring these impacts and will provide recommendations through the 2027 budget update to maintain a balanced reserve fund forecast.

Exemptions and Discounts

DC exemptions and discounts were estimated to be $17.0 million in the reserve forecast prepared as part of the 2025 confirmed budget. 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. This approach means that in the early years of the strategy, the funds flowing out of the reserve funds for DC exemptions and discounts will be greater than the funds flowing into the reserve funds to support them.

To assess budget and forecast impacts, the value of exemptions and discounts funded during the year will be compared to both the annual transfer and the estimated exemptions and discounts. DC exemptions and discounts are funded 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 under the current DC Exemptions policy.

The 2025 budgeted transfer to the reserve funds for exemptions and discounts is $11.3 million, actual exemptions to the end of Q3 are $7.6 million (67 per cent of funding allocated for this purpose), or 45 per cent of the $17 million estimated exemptions and discounts. Year to date exemptions by exemption type are outlined in Table 1. Additionally, a DC appeal has been filed for one development. If successful, it will result in exemptions in the range of $15 to $20 million, representing a significant risk to the capital reserve forecast. If the appeal is unsuccessful, the development will receive a DC discount in the range of $2 to $5 million as a rental housing development. This could result in capital project deferrals and/or property tax increases to maintain financial sustainability.

Table 1: Actual exemptions through September 30, 2025 ($)

Exemption Type	Amount
Industrial expansions	423,271
Category of owner (exempt per by-law)	664,332
Non-profit housing corporation	30,344
Rental housing discounts	-
Phase in	-
Additional Residential Dwelling Units (ARDUs)	6,520,680
Total Exemptions Funded	7,638,627

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 in the future, the actual exemptions would far exceed the projections. This would put more pressure on taxes and rates.

Grants

There are no changes this quarter to the City's two sustainable capital grant funding streams: the Canada Community-Building Fund (CCBF) and the Dedicated Gas Tax Funds for Public Transportation Program. In 2025, the City will receive $9.4 million from the CCBF and $3.0 million from the Provincial Gas Tax. These funds are held in obligatory reserve accounts and continue to be directed toward eligible capital initiatives, helping to reduce reliance on property tax funding. Both grants remain foundational to the City's capital budget and reserve forecast, providing reliable annual support for infrastructure renewal and transit investment.

The City's second decommitment and agreement amendment under the Investing in Canada Infrastructure Program (ICIP) was finalized in September 2025. With this milestone complete, the claims process has resumed, and staff are preparing to submit the first ICIP claim in Q4 2025 to recover the outstanding $12.9 million in receivables. The total funding commitment to the City through ICIP remains unchanged and extends through to 2033.

The City is continuing to implement housing initiatives funded through the $21.4 million Housing Accelerator Fund (HAF) grant from the Government of Canada. To date, $10.7 million has been received through two of the four scheduled installments. The remaining funding is dependent on achieving both the HAF Action Plan initiatives and the target of 3,657 permitted housing units by the end of 2026. While several initiatives are underway, staff expect the majority of incentivized units to be realized in the final year of the program, as projects move through planning and permitting phases. To support timely delivery and ensure alignment with HAF objectives, staff are closely tracking project budgets within the approved funding envelope and making adjustments as needed to accelerate housing outcomes across the community.

The City has been awarded the following grants in Q3 2025, which have been added to the capital forecast as transfer payment agreements are finalized:

- $10 million from CSRIF, New Builds Stream, for the South End Community Centre.
- $1 million from CSRIF, Repair and Rehabilitation Stream, for rehabilitation of the Lyon Outdoor Pool.
- $5 thousand from the Trans Canada Trail, Trail Infrastructure and Major Repairs to remove and replace rail crossings at John Galt Park.

The City has 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). As reported in Q2, the City's EOI for baseline funding was approved for an allocation of $1.57 million annually for 10 years starting in 2026 for which the City has submitted a capital plan focused on strategic investments in fleet electrification, charging infrastructure, diesel bus refurbishments, and the acquisition of electric buses. The City is currently awaiting approval of the submitted capital plan, and this funding has been reflected in the 2026 budget update.

The City remains an engaged participant in the Ministry of Transportation's Metro-Regional Agreements (MRA) process, collaborating with municipalities across the Greater Golden Horseshoe to support coordinated transit planning. The MRA stream is expected to allocate approximately $2 billion annually over a ten-year period, totaling $20 billion in strategic transit investments. To support the Ministry's Expression of Interest process, the City submitted planning and transportation policy materials that demonstrate alignment with transit-oriented development and intensification objectives. A preliminary request for $250 thousand in planning funding was also submitted to assist with measurement and reporting requirements. At this time, next steps and the specific scope of Guelph's involvement remain to be confirmed.

The following grant applications totaling $56.7 million have been submitted and are currently awaiting decisions from the funders:

- $34.8 million from Housing, Infrastructure and Communities Canada (HICC) for the Canada Housing Infrastructure Fund (CHIF) to expand the capacity of Guelph's wastewater treatment facility and associated trunk sewers.
- $10.7 million from the Ministry of Infrastructure for the Health and Safety Water Stream (HSWS) program, for the structural rehabilitation of the Paisley drinking water reservoir.
- $8 million from HICC for the Green and Inclusive Community Buildings (GICB) program, for energy retrofits and inclusive upgrades to the River Run Centre.
- $1.4 million from HICC for the CPTF Stream 3 - Active Transportation Fund for the Rural to Core Bikeway spanning Woodlawn Rd. and downtown.
- A total of $823 thousand in Year 4 funding from the Ministry of the Solicitor General under the Next Generation 9-1-1 program. This funding includes $305 thousand in transition support for Guelph Fire and $518 thousand for Guelph Police Services.
- $620 thousand from the Federation of Canadian Municipalities (FCM) for the Green Municipal Fund's (GMF's) Growing Canada's Community Canopies grant.
- $125 thousand from the FCM for the GMF's Safe and Active School Routes, for improving safety and accessibility for students and the community in the Onward Willow neighbourhood.
- $111 thousand from the Ministry of the Solicitor General for year two of the Fire Protection grant to improve firefighter health and safety across the City's six fire stations.
- $79 thousand from the Ministry of Environment, Conservation and Parks for the Ontario Community Environment Fund (OCEF) to enhance the City's source water protection through ecological restoration
- $60 thousand from the Ministry for Seniors and Accessibility for the Enhancing Access to Spaces for Everyone (EASE), for inclusive bench installations along the Eramosa River trail.

In Q3, the City received notification that the following grant applications did not secure funding:

- $1.4 million from the Ministry of Transportation, Ontario Transit Investment Fund (OTIF) for the Conestoga Express Route.
- $110 thousand from Natural Resources Canada for the next installment of the Zero Emission Vehicle Infrastructure Funding Program, to support fleet electrification.

Financial Implications

Ongoing monitoring of operating and capital spending and key capital funding sources 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. 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. As discussed in the 2026 Budget Update, there is significant use of the tax-supported corporate contingency reserves in 2025 and 2026 which are expected to draw these reserves lower. Balances below target reduce the City's financial health, limiting the ability to mitigate any negative financial impacts should an overall City deficit materialize.

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

Consultations and Engagement

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 the end of the quarter 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 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 the end of the quarter. 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 2025 Capital Budget Adjustments

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Attachment-1: Q3 2025 Capital Spending

Table 1: Capital Spending as of September 30, 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
2025 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
2025 additional approved funding	(34)	(1,801)	8,800	2,297	1,974	(55)	(666)	(10,623)	(4,683)	0	(4,791)
Available capital funding	**70,329**	**52,822**	**86,097**	**17,708**	**62,786**	**25,756**	**12,660**	**157,900**	**169,654**	**13,109**	**668,821**
2025 capital spending	23,701	11,348	29,354	3,871	15,135	4,052	1,314	21,999	20,580	3,938	135,292
Open purchase orders (PO)	38,964	8,789	39,221	7,805	6,168	2,669	3,998	34,786	53,356	1,740	197,496
Total spending and commitments	**62,665**	**20,137**	**68,575**	**11,676**	**21,303**	**6,721**	**5,312**	**56,786**	**73,936**	**5,678**	**332,788**
Projects closed	0	0	0	0	0	0	0	0	0	0	0
Uncommitted approved budget	**7,664**	**32,685**	**17,521**	**6,033**	**41,483**	**19,035**	**7,347**	**101,115**	**95,718**	**7,432**	**336,033**

Note: May not add due to rounding.

Attachment-2: Q3 2025 Capital Budget Adjustments

Definitions

Budget Adjustment (Table 1)

A budget adjustment is the change in the total approved expenditure budget of a project. Any increase or decrease in the expenditure budget has a corresponding adjustment to the funding, however, the current approved funding allocation remains the same. Council approval for budget adjustment increases are required regardless of amount except for an increase due to the receipt of external funding sources.

Budget Reallocation (Tables 2 & 3)

A reallocation transfers approved budget from one approved project to another approved project while maintaining the current funding allocation. Reallocations do not change the total approved expenditure or funding budget. Council approval is required for amounts over $500 thousand.

Funding Adjustment (Table 4)

A funding adjustment occurs when the funding allocation of an approved project needs to be adjusted. The total expenditure budget remains the same, however, the overall breakdown of funding from reserve funds is adjusted. This can occur for many reasons including receiving a grant that replaces existing funding, changes to the scope of the project or in the case of the approval of a new Development Charge Background Study. All funding adjustments require Council approval regardless of amount.

Q3 Budget Adjustments

Table 1 - Additional approved budget and other budget adjustments

ID	Capital account	Entry description	Budget increase / (decrease) $
BR-25CAP-84	PK0060 Downtown Riverwalk New Amenity Construction	Return the surplus to the reserve to closeout the project.	(42,740)
BR-25CAP-89	SS0002 Hanlon Creek Business Park	As appeared on the Q2 Budget Monitoring Report.	110,000
BR-25CAP-90	PL0085 Community Planning Permit System Pilot (HAF-7) PL0083 Accessory Dwelling Unit Grant Program (HAF-5)	Decommitment of HAF funding from projects PL0083 and PL0085. Decision approved by Housing Enabling Strategy Team on September 3rd.	(25,000) (754,192)
BR-25CAP-91	PM0010 Paramedic Vehicle Replacement PM0002 Vehicles Growth	Approved on the Q2 Budget Monitoring Report.	1,798,900 300,000
BR-25CAP-92	TC0090 Guelph Transit Central Station Electric Bus Charging	Approved on the Q2 Budget Monitoring Report.	5,000,000
BR-25CAP-94	PN0931 Queen St Sewer	Approved on the Q2 Budget Monitoring Report.	1,184,500
BR-25CAP-95	PK0207 Park Intensification – Exhibition Park Memorial Zipline	Community donations received.	35,000

ID	Capital account	Entry description	Budget increase / (decrease) $
BR-25CAP-96	RF0097 Lyons Pool Restoration	Set up budget based on the receipt of the Community Sport and Recreation Infrastructure Fund Grant per - Delegated Authority based on Oct 8, 2024 Council endorsement of the application.	3,000,000
BR-25CAP-97	RF0093 South End Community Centre Construction	Budget increase based on the receipt of the Community Sport and Recreation Infrastructure Fund Grant per - Delegated Authority based on Oct 8, 2024 Council endorsement of the application. Total grant is $10 million, $5.5 million added to the project for value-added enhancements and $4.5 million going towards reducing the current funding sources proportionately (see Table 4).	5,500,000
BR-25CAP-101	WT0064 FM Woods Station Upgrade	Remove provision for 2nd generator as it is no longer required.	(2,000,000)
TBD	Affordable Housing on City-Owned Properties	Set up budget for Affordable Housing on City-Owned Properties. Funding approved on report [2025-461 Advancing Affordable Housing on City-Owned Properties].	3,406,150
Grand total	n/a	n/a	17,512,618

Table 2 – Summary of reallocations under $100,000

Description	Amount $
Additional funding (various projects) required at planning/purchasing stage	31,000
Additional funding required during project execution	20,000
Additional funding required at project closeout	83,200
Grand Total	134,200

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

ID	Transfer from	Amount $ (from)	Transfer to	Amount $ (to)	Entry description
BR-25CAP-73	PK0202 Drew Park Improvements	100,000	PK0130 Playground Equipment Replacement	100,000	Consolidate construction under the playground replacement account.
Grand total	n/a	100,000	n/a	100,000	n/a

Table 4 – Funding Adjustments to be approved on the Q3 Budget Monitoring Report.

ID	Capital Account	Transfer From	Transfer To	Amount $	Entry description
BR-25CAP-97	RF0093 South End Community Centre	Service Enhancement Development Charges – Parks & Recreation Debt – Infrastructure Renewal	Provincial Government Grant	15,500 4,262,600 221,900 (4,500,000)	$10 million Community Sport and Recreation Infrastructure Fund Grant was awarded. Budget was increased by $5.5 million (see Table 1) and the remaining $4.5 million reduces the current funding sources proportionately.
BR-25CAP-99	CT0013 Sleeman HVAC Unit Replacement	Infrastructure Renewal	Canada Community-Building Fund (CCBF)	856,200 (856,200)	CT0013 was broken out from CT0008 Culture Facility Renewal to better segregate this project for administration and to allow allocation of CCBF funding to the project.
Grand total	n/a	n/a	n/a	-	n/a