

Staff Report



To	Committee of the Whole
Service Area	Office of the Chief Administrative Officer
Date	Wednesday, September 3, 2025
Subject	2025 Second Quarter Budget Monitoring Report

Recommendation

1. That the capital project budget adjustments in Attachment 2, Budget Reallocations (Tables 4 and 6) and Funding Adjustments (Tables 5 and 7) be approved.
2. That Council approve an in-year operating budget adjustment to compensation and benefits for Guelph Wellington Paramedics Service (GWPS) totaling \$1,300,000, to be shared between the City and The County of Wellington (\$819,000 and \$481,000 respectively), with the City share of \$819,000 funded from the Tax Operating Contingency Reserve (180).
3. That Council acknowledges that the 2025 Second Quarter Budget Monitoring report serves to fulfill the requirement of reporting by the CAO per section 4.4 of the Procurement By-law (2018)-20259 regarding emergency procurement for Lewis Road culvert replacement.
4. That the 2026 forecasted budget of \$1,019,200 for PM0010 Paramedic Vehicle Replacement be advanced to 2025 to align the budget to the time of procurement as approved by the Joint Social Services and Land Ambulance Committee June 11, 2025 (funded 40 per cent from the Paramedic Provincial Capital Reserve Fund (360), 36 per cent from the Infrastructure Renewal Reserve Fund (150) and 24 per cent from the County).
5. That the 2027 forecasted budget of \$779,700 for PM0010 Paramedic Vehicle Replacement be advanced to 2025 for the early ordering of three ambulances as approved by the Joint Social Services and Land Ambulance Committee June 11, 2025 (funded 40 per cent from the Paramedic Provincial Capital Reserve Fund (360), 36 per cent from the Infrastructure Renewal Reserve Fund (150) and 24 per cent from the County).
6. That the 2026 forecasted budget of \$300,000 for PM0002 Paramedic Growth Vehicle be advanced to 2025 for the early ordering of one growth ambulance as approved by the Joint Social Services and Land Ambulance Committee June 11, 2025 (funded 62 per cent from Development Charges Reserve Fund – Land Ambulance (325) and 38 per cent from the County).
7. That the 2026 forecast budget for TC0090 Guelph Transit Central Station Electric Bus Charging of \$5,000,000 be advanced to 2025, funded 31 per cent from the Canada Public Transit Fund grant and 69 per cent from the 100RE Reserve Fund (355).

8. That Council approve the creation of a new project for Queen Street Sewer with a budget of \$1,184,500 to be funded 48 per cent from Developer contributions and 52 per cent from the Wastewater Capital Reserve Fund (153).
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Executive Summary

Purpose of Report

The purpose of this report is to provide Council notice of any financial risks that could affect the 2025 year-end position, to seek approval to amend the 2025 adopted operating budget for Guelph Wellington Paramedic Services, to highlight significant capital project activity and milestones, as well as seek approval of capital budget and funding changes. This report includes the second quarter's (Q2) actual financial information for both the operating and capital budget for each department and capital program of work as of June 30, 2025.

Key Findings

Overall, from an operating perspective, the City Budget projects a year-end deficit of an estimated \$3.8 million or (0.66) per cent of gross operating expenditure. Actual year-end results may fluctuate from this early projection by up to plus or minus one per cent of gross operating expenditure. The [First Quarter 2025 Budget Monitoring report](#) identified several factors that continue to impact year end budget results and are being closely monitored by staff. Staff are working to implement mitigation strategies to reduce the forecast year-end deficit.

Current year-end projections indicate the tax-supported budget will be in an estimated deficit position of \$1.9 million and the non-tax supported budget will be in an estimated deficit position of \$1.9 million. Actual year-end results may be impacted by items yet unknown and staff will continue to focus on service delivery and expense management to mitigate the potential 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 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; \$2.4 million impact on 2025 budget.
- Overtime pressures: \$1.8 million combined deficit in Paramedics, Fire, and Transit due to on-going employee leaves and requirements to maintain minimum staffing requirements.
- 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.

- Increased WSIB benefit costs as outlined in the WSIB impacts for Emergency Services report 2025-367, dated September 3, 2025.

Buildings, vehicles and equipment maintenance related trends:

- Price escalation on Original Equipment Manufacturer 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 \$870 thousand deficit for building maintenance, and \$2.6 million deficit for vehicle and equipment maintenance.

Corporate fuel and utilities trends:

- \$1.1 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 Q2 was \$83.0 million and purchase order (PO) commitments at June 30, 2025 had an overall value of \$222.1 million. This leaves \$349.5 million of approved budgets yet to be executed. The per cent spent/committed at the end of June was 72.8 per cent and the City is on track to meet the 80 per cent spent/committed target at the end of 2025, leaving an approximate total of \$256.8 million (based on life to date approved budget for open projects) remaining to be executed on by December 31, 2025.

Through the 2024 work in progress review completed in first quarter (Q1), continued budget monitoring and 2026 budget development work, net budget reductions to the end of Q2 total \$18.9 million. These funds have been returned to the originating reserve funds.

Capital revenues are at risk as year-to-date Development Charge (DC) collections are only 9.6 per cent of budgeted collections as of Q2. 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 are revising the 2025 to 2027 DC collections forecast downward for the 2026 budget update. This will result in capital project deferrals through the 2026 budget update to work within lower available revenue. As well, new legislation affecting DCs has received Royal Assent, however, formal regulations have not yet been released to put the changes into effect. Once enacted, these changes may further constrain the availability of DC funds and may require adjustments to current work plans to update processes and systems. Staff are in the process of analyzing the changes and have provided input through the provincial consultation process.

Grant program offerings by both the federal and provincial governments continue to expand, and staff remain proactive in pursuing these opportunities. These efforts help to mitigate the financial impact of lower development charge collections along with other City pressures. The cross-functional grant management team continues to refine internal processes, enabling the timely and competitive submission of funding applications across a broad spectrum of programs. As of Q2 2025, grant applications totaling \$68.0 million have been submitted and remain under review by respective funding agencies.

In June 2025, the City issued 1-20 year serial debentures totalling \$58 million. The average cost of borrowing for this issuance is 4.44 per cent, which is lower than the assumption in the [2025 Budget Confirmation Debt Strategy](#) of 4.50 per cent. The quantum of the issuance was \$8 million greater than planned through the debt strategy, however there was significant investor interest in this issuance which is not present in every issuance. The issuance was well timed given the recent increase in long term Government of Canada bond yields, which have raised the cost of borrowing for other recent debenture issuances.

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 2024, S&P reaffirmed the City's financial credit rating as AAA with a stable outlook. The report does caution that the road ahead shows signs of downward rating pressure due to a large capital plan in 2024-2026 increasing the City's reliance on debt in the medium term. At the time of writing this report, S&P has not released the results of the 2025 credit rating review.

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 Q2 budget monitoring report offers a preliminary projection of the 2025 year-end position 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 newly imposed tariffs remains difficult to quantify as they may be embedded in higher pricing 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 June 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. Quarterly updates will be provided to Council through the budget monitoring process.

Revenue:

City departments have identified several opportunities and risks related to revenue collection in 2025. Among the key risks, Ontario Building Code, Engineering, Water and Wastewater Services 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.

Water and Wastewater Services are projecting a combined revenue deficit of \$950 thousand, however, the variable rate structure may help offset some of this deficit during the high-consumption summer months. Staff will continue to monitor water and wastewater revenues and provide refined projections in the third quarter.

Engineering and Transportation Services is projecting a \$250 thousand shortfall in site plan development fees.

Court Services are projecting a \$440 thousand revenue deficit due to lower charge volumes in Provincial Offences and the Automated Speed / Red Light Camera programs being processed through the POA system due to capacity constraints. This will be partially offset with lower processing fees, and the capacity constraint is expected to be relieved in January when processing for Red Light Cameras and Automated Speed Enforcement move to the Administrative Penalty System.

Parking revenues are projected to end the year with a \$100 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.

Transit continues to experience increased ridership, which is driving a projected revenue surplus of \$700 thousand in 2025.

Finance is projecting a \$200 thousand revenue surplus in user fee revenues due to fee increases impacting actual revenues more than budgeted.

Culture and Recreation is projecting a revenue surplus of \$1.1 million due to strong event revenue including the Grand Slam of Curling, an extended Guelph Storm season, increased ticket sales at the River Run Centre and various dance competitions. 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.

The Municipal Accommodation Tax (MAT) program expansion is expected to generate a surplus of \$135 thousand, with new short-term rental and hotel participation. The City's share of additional revenue is transferred to the Tourism MAT Reserve (184) to fund future tourism initiatives.

The City Clerk's Office is projecting a revenue surplus of \$430 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 2026 to reflect that along with additional resources that are required to service this higher level of activity.

A \$1.3 million revenue surplus is projected in General Revenues with the majority coming from higher than budgeted revenue for the heads and beds tax and a possible small surplus in short-term interest income.

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 cautiously optimistic, with surpluses in some areas helping to offset deficits elsewhere.

Compensation:

As of the end of Q2, overall compensation spending for City staff (excluding Local Boards) remains within budget. However, a projected year-end deficit of \$3 million is anticipated. Historical 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, 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. The 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 applicable 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. The budget adjustment for the ratified CUPE agreement will be included in the 2026 budget update.

A combined projected deficit of \$1.8 million associated with increased demand on overtime budgets are forecast for 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 continue to implement sustainable solutions that reduce reliance on our already stretched workforce and minimize cost impacts as much as possible, but sustained higher levels of leaves, particularly in emergency services, are driving a need for a budget adjustment for backfill compensation to ensure minimum staffing levels are maintained.

Further details on staffing trends and compensation pressures are outlined in the WSIB Impacts for Emergency Services Report 2025-367, included in this agenda.

An in-year budget adjustment of \$1.3 million for paramedic services is recommended (recommendation 2) to reset the compensation budget for 2025 at a level that better reflects the actual backfill requirements (\$925 thousand) and WSIB benefit costs (\$375 thousand) for the service. The recommended budget adjustment, totaling \$1.3 million would be shared between the City (\$819 thousand) and Wellington County (\$481 thousand). The province contributes an operating grant totaling 50 per cent of the prior year's budgeted operating expenses, and it is expected that by adjusting the 2025 budget, the province will contribute to this increased cost for the 2026 budget year.

Additional overtime is also being experienced in Human Resources related to systems implementation, Building Maintenance unplanned work related to failures, or flooding, and Parks due to the unusually severe winter weather during Q1. Additionally, Corporate and Community Safety was approved for additional staffing resources to address safety in the downtown core as well as for encampment response, and so additional overtime costs were incurred.

The Recreation division is also projecting a significant increase in staffing and contracted support costs associated with providing inclusion support at camps, given the significant growth in demand for these services and the City's duty to accommodate all requests.

Mitigation measures have been developed including pausing recruitment on positions where it is deemed possible to try and reduce the compensation deficit below the current projection of \$3 million throughout the second half of the year.

Corporate Utilities:

Year-to-date utility spending is trending close to budget and no significant variance is projected come year-end. The removal of the carbon tax in 2025 was implemented after the high-demand season and savings from this change will not be realized until 2026. Usage has increased due to the electrification of the fleet and buses and is offset by lower usage and several energy-saving retrofit projects that are underway with anticipated go-live of the new photovoltaic solar system at River Run (expected in August 2025), the planned installation of a solar PV system at the Sports Dome in third quarter (Q3) 2025.

Corporate Fuel:

Corporately, fuel budgets are projected to have a year-end surplus of \$1.1 million. The removal of the federal consumer carbon tax in Ontario, effective April 1, 2025, has had a direct and immediate impact on the cost of diesel and gasoline. The carbon tax previously added 17.6 cents per litre to the price of gasoline, and 21 cents per litre on diesel. Fuel consumption is also down compared to budgeted consumption due to the electrification of our fleet resulting in the majority of savings in Transit.

Corporate Vehicle and Equipment Repairs and Maintenance:

As of Q2 2025, the City is facing a fleet maintenance deficit of \$2.6 million, broken down as follows:

- Non-transit fleet: \$1.1 million
- Transit fleet: \$1.5 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 and are passing those costs on through increased prices per parts.
- 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 Q2 2025, the City is projecting a year-end shortfall of \$870 thousand in building maintenance budgets across departments. This reflects the growing demands of maintaining aging infrastructure and responding to unexpected facility issues.

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

- Repairs at the Guelph Youth Music Centre and the Guelph Youth Shelter.
- Mould remediation at multiple City buildings.
- A sprinkler system failure at the Provincial Offences Court.
- Ongoing HVAC system issues at River Run Centre and Transit facilities.
- 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 \$900 thousand at year-end, and Parks anticipates a \$100 deficit related to overtime. The actual outcome will depend on weather conditions during the second half of the year. 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 budgets continue to experience significant pressures in 2025 due to slow permit issuance and new housing starts. [The Canadian Mortgage and Housing Corporation's summer update](#) reports that they anticipate that Canada's

housing market will continue to cool in 2025 due to trade tensions, economic uncertainty, slower population growth and increasing unemployment. A gradual recovery is expected in 2026 as trade tensions ease and economic conditions improve.

Locally, permit fee revenues continue to fall significantly below budget expectations, despite high overall permit volumes. The shortfall is primarily due to a decline in high-value permits, especially those tied to multi-residential developments. 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 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 have been 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 will be updated to reflect a more achievable revenue budget given the current provincial forecasts and economic climate, with adjustments to expenditures to ensure 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 June 30, 2025 resulted in a net budget reduction of \$18.9 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, 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 \$654.7 million in 2025. A summary of capital activity to the end of the quarter is included in Attachment-1 Q2 2025 Capital Spending. Capital budget adjustments made in Q2 can be found in Attachment-2 Q2 2025 Capital Budget Adjustments. Adjustments for reallocations greater than \$500 thousand and funding adjustments from the First Quarter Budget Monitoring Report are also included for Council approval.

In March, staff undertook an extensive project level review of uncommitted project 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.

Budget development work for the upcoming 2026 budget confirmation included an extensive review of un-started projects, as well as uncommitted yet to be executed balances of on-going work and has resulted in additional reductions and deferrals of \$8.1 million, which are included in Attachment-2 Q2 2025 Capital Budget Adjustments, Table 1.

Total capital spending to the end of Q2 was \$83.0 million, which was \$20.8 million more than the first half of 2024. At June 30, 2025, there was \$222.1 million in issued POs, which was \$75.8 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 June 30, 2025, the uncommitted approved budget, which is yet to be executed was \$349.5 million, which is \$48.4 million more than the same quarter of 2024.

The per cent spent/committed at the end of June was 72.8 per cent and the City is on track to meet the 80 per cent spent/committed target at the end of 2025, leaving a total of \$256.8 million (based on life to date approved budget for open projects) remaining to be executed on December 31, 2025.

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 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.

CAO reporting on Emergency Procurement – Lewis Road

A twin structure (consisting of two round metal culverts) on Lewis Road was identified as requiring replacement through an emergency procurement in June 2025. Operations identified and repaired a sinkhole at the edge of pavement in March 2025 and initiated frequent site inspection to monitor the condition. The two culverts at this crossing were inspected and found to be in poor condition with their bottoms completely rotted out. More sinkholes formed further into the roadway related to the structural condition. The road was closed in an abundance of caution to avoid a potential collapse as heavy truck traffic uses the road regularly and the culverts are located directly adjacent to the Guelph Junction Railway (GJR).

As per the Procurement By-Law (2018)-20259, the CAO has the authority to approve emergency procurement without going through a full competitive process. Section 4.4 of the by-law stipulates the process for emergency procurement measures as follows:

If the CAO determines that:

- a. An Emergency exists;
- b. Addressing the Emergency requires the procurement of certain Goods and/or Services; and
- c. The immediacy of the requirement for Goods and/or Services precludes the Manager of Procurement from proceeding with a usual procurement process;

Then the CAO may conduct, or authorize the conducting of, the procurement of those Goods and/or Services with or without the involvement of the Manager of Procurement, and without employing the processes provided in this by-law, but employing the most expedient and economical means possible. If the monetary value of the expenditure thus undertaken is more than \$500,000, the CAO shall, as soon as reasonably possible, provide to Council a written report of the particulars of the Emergency and the procurement.

GHD Contractors Limited was retained to complete the emergency work, and has estimated the design cost to be \$165 thousand, with actual work billed on a time and material basis. They will prepare a more accurate construction cost estimate once the background investigations and 30 per cent design are completed. Due to the complication of excavation in close proximity to the GJR tracks, construction cost is expected to be in the \$750 thousand to \$1 million range. Sufficient budget is available in RD0402 Bridge and Structure Program and SW0102 Emergency Repairs (Stormwater) to manage these costs.

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 \$16.7 million with another \$44.6 million in PO commitments as of June 30, 2025. Remaining to be executed is \$9.0 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:

- (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 have been completed. Work continues on interior and exterior framing, mechanical and electrical work.
- (GG0245) Administration Facilities Renewal (\$3.7 million) – Renovations at the Lawn Bowling Club were completed and workspace optimization initiatives are also underway. Corporate building maintenance work such as the maintenance, inspection and certification of life and fire systems, elevators, generators and boilers has begun and work to move this spending to the new GG029 Corporate Building Maintenance is underway.
- (RD0401) Public Works Vehicle and Equipment Replacement (\$1.2 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.

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 building maintenance has been moved to a separate account, GG0290.

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 \$8.5 million with another \$9.4 million in PO commitments as of June 30, 2025. Remaining to be executed is \$35.6 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:

- (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 (\$3.0 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 24 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 the completion of this project for the end of 2026 now due to a reduction in project scope.
- (SS0002) Hanlon Creek Business Park (\$2.0 million) – environmental monitoring is ongoing, additional expense approved by Closed Council report dated January 28, 2025.

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

- (PN2439) ERP Program Implementation (\$5.7 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.

- (E00002) 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) – 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.

The following projects were cancelled and budget returned to the applicable reserves in Q2:

- PL0072 Sustainable City Master Plan (\$526,375) – project was cancelled due to on-going staffing capacity challenges and prioritization evaluation. This will be reconsidered in a future budget when funding is available.
- IT0075 Integration Services (\$50,000) – project was cancelled as scope was revised and will now customize a solution to leverage existing technology.

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 within this program of work to the end of the quarter was \$17.6 million with another \$48.8 million in PO commitments as of June 30, 2025. Remaining to be executed is \$11.2 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 (\$64.6 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 on-going. Civil works for the parking lot are ongoing.
- (RF0103) West End Community Centre Upgrades (\$0.6 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 currently underway with completion expected in Q3 2025.

- (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 (\$1.7 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 (\$1.1 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 within this program of work to the end of the quarter was \$3.0 million with another \$7.7 million in PO commitments as of June 30, 2025. Remaining to be executed is \$4.9 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 budgeted in 2025 and four budgeted in 2026, budget was not moved forward at that time, it is now being advanced through recommendation 5), 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 (\$2.4 million) – work continues 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. In the [2023 Year-end Capital Budget Monitoring Report](#), staff noted possible budget risks based on the grant spending timelines. 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 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.

- (FS0101) Breathing Air Compressors and SCBA (\$1.3 million) – purchase has been awarded with the PO forthcoming.
- (FS0100) Radio Infrastructure Subscriber Gear Replacement – Front Line (\$0.7 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.

Three recommendations (4,5 and 6) related to advancing budget for the purchase of ambulances are required to align the budget to the procurement timing as currently ambulances must be ordered approximately two years prior to when delivery is needed. These recommendations were approved at the [Joint Social Service and Land Ambulance Committee on June 11, 2025](#) to be referred to the Q2 Budget Monitoring Report.

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 within this program of work to the end of the quarter was \$12.5 million with another \$7.3 million in PO commitments as of June 30, 2025. Remaining to be executed is \$38.0 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:

- (TC0070) Bus Electrification – replacement (ICIP-GUE-04) (\$7.5 million) – six zero emission buses to replace end-of-life diesel buses have been received.
- (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 was presented to Council through the June 17th report entitled [Fleet Electrification, Transit and Facility Needs, ICIP Funding and Budget Update](#).

- (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) (\$15.2 million) – the uncommitted now includes funds decommitted from TC0070 Bus Fleet Electrification (GUE-04), see below. 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.

Adjustments to the current approved budget as noted on the Fleet Electrification, Transit and Facility Needs, ICIP Funding and Budget Update Report dated June 17, 2025 are as follows:

- Decommitment of unspent/uncommitted ICIP funds from TC0070 Bus Fleet Electrification (GUE-04) and reallocating those funds and the required matching municipal funds to TC0059 Guelph Transit and Fleet Facility (GUE-03). Reallocate remaining municipal funds not required as matching funds, to TC0097 Bus Replacements and Refurbishments to refurbish end-of-life diesel buses. See BR-25CAP-26 Attachment 2, Table 4.
- Update the budget of TC0097 Bus Replacements and Refurbishments based on 2026 budget development work using current estimates which returns excess budget to reserves. See BR-25CAP-47, Attachment 2, Table 1.

The advancement of the budget for TC0090 Guelph Transit Central Station Electric Bus Charging (on-route charging) from 2026 to 2025, to allow for procurement to begin in fourth quarter (Q4) 2025 (recommendation 7).

Additional adjustments will be executed through the 2026 budget confirmation for forecasted budgets.

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 \$2.2 million with another \$3.9 million in PO commitments as of June 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 begun.
- (PK0130) Playground Equipment Replacement (\$1.0 million) – tenders have been issued for the replacement of playground equipment at Colonial Drive Park, Holland Crescent Park and Highview Park.

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 Q4 2025 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 \$699 thousand with another \$2.9 million in PO commitments as of June 30, 2025. Remaining to be executed is \$9.0 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:

- (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.
- (WC0039) Solid Waste Fleet Assets Replacement (\$635 thousand) – one light duty replacement truck has been received. One replacement waste collection truck is on order.
- (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:

- (WC0055) Material Recovery Facility Retrofit for Collections Operations Centre (\$1.3 million) – roof design contract has been awarded and the construction tender is in the process of being awarded.
- (WC0042) Organic Waste Processing Facility Asset Replacement (\$972 thousand) – 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 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 (\$954 thousand) – budget will be committed by the end of the year 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 within this program of work to the end of the quarter was \$9.3 million with another \$35.9 million in PO commitments as of June 30, 2025. Remaining to be executed is \$111.5 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:

- (PN0110) York Rd. Reconstruction – Victoria Rd. S. to Watson Parkway (\$7.8 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.
- (RD0379) College Avenue Protected Bike Lanes (ICIP-GUE-05) (\$5.1 million) – construction of Phase 1 (Edinburgh Rd. S. to University Ave. W.) is underway and nearing substantial completion. 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.](#)
- (RD0330) Emma / Earl Pedestrian Bridge (\$4.4 million) – Construction is in-progress and is anticipated to be completed by the end of 2025.

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

- (PN0060) Wyndham St. N. Reconstruction – Farquhar to Woolwich (\$23.9 million) – Construction tender is expected in Q4 2025 for 2026 construction.
- (PN0097) Speedvale Road Reconstruction – Glenwood to Manhattan (\$18.6 million) – 60 per cent design for Phase 2 has been met (GJR 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 with tendering towards the end of the year.

- (PN0142) Gordon St. Widening – Lowes to Edinburgh (\$9.1 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 26 per cent of the total capital program (by available budget).

Capital spending within this program of work to the end of the quarter was \$9.5 million with another \$60.5 million in PO commitments as of June 30, 2025. Remaining to be executed is \$101.6 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:

- (WT0064) FM Woods Station Upgrade (\$37.2 million) – construction is underway with concrete works continuing.
- (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 expected to be tendered late in Q4 2025 and awarded in Q1 2026 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 generator which is outside the scope of the construction tender.
- (ST0015) Building Repairs and Upgrades (\$2.7 million) – roof replacement for Plant #3 and security related work is expected in Q4 2025.

Requesting approval (recommendation 8) to create a new capital project for Queen Street Sewer, managed by Engineering and Transportation Services with a budget of \$1,184,500 to be funded \$568,500 from Developer contributions and \$616,000 from the Wastewater Capital Reserve Fund. Capacity in the reserve fund for this project was gained earlier this year through the de-prioritization and deferral of PN0203, Arthur St. Siphon Decommissioning, outside the 10-year capital budget and forecast, which returned \$944,000.00 in approved budget back to the wastewater capital reserve fund.

The Committee of Adjustment decision for the 64 Queen St severance application was approved by the Committee on June 15, 2021, in favour of the developer

severing 64 Queen St to create three additional residential lots. Conditions of the approval included the developer entering into an agreement with the City to service the lots. During design, it was noted that the receiving sewer is a century old and in poor condition. As such, Wastewater Services proposed downstream sewer improvements. The improvements service both existing residential and future growth including the 64 Queen St severance.

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 \$3.0 million with another \$1.1 million in PO commitments as of June 30, 2025. Remaining to be executed is \$9.1 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 June 30, 2025 were \$5.2 million and, if collections continue at the same pace to year-end are trending toward a year-end forecast of 19.2 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. [Building permit activity](#) in 2025 to date has continued at the low levels observed throughout 2024. 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.

Bill 17 introduced new legislation for developers to defer payments of DCs on residential development from the time of building permit issuance to the time of occupancy. While not yet enacted, if this change proceeds, this provision is expected to significantly impact the timing of DC collections and will require further revisions to the rolling 10-year DC collections forecast. On average, the time between building permit and occupancy for ground level residential buildings is approximately eight months, and for towers is approximately three years. These are the estimated delays in DC collections timing that will need to be factored into the DC collections forecast if this is enacted, and it will mean that growth enabling capital projects will need to be deferred unless there is offsetting grant funding provided by the province to support municipalities through this change. The change will also require significant changes to internal administrative processes and systems for DC collections. The [City's consultation response](#) details the impact from changes to the *Development Charges Act, 1997* imposed through Bill 17.

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 9.6 per cent to the end of June 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 \$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](#). 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. 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 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 Q2 are \$4.8 million (43 per cent of budget). As outlined in Table 1, actual exemptions and discounts are 28 per cent of the \$17.0 million estimated for 2025. 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. This would require capital project deferrals and/or property tax increases to maintain financial sustainability.

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

Exemption Type	Amount
Industrial expansions	111,042
Category of owner (exempt per by-law)	43,552
Non-profit housing corporation	30,344
Rental housing discounts	-
Phase in	-
Additional Residential Dwelling Units (ARDUs)	4,635,973
Total Exemptions Funded	4,820,911

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

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. The City will receive \$9.4 million

from the CCBF and \$3.0 million from the Provincial Gas Tax in 2025. These funds are held in obligatory reserve funds and continue to be allocated to eligible initiatives, reducing reliance on property tax funding. These grants remain integral to the capital budget and reserve forecast, providing dependable annual support for infrastructure renewal.

The total amount of funding allocated to the City through the Investing in Canada Infrastructure Program (ICIP) remains unchanged. However, adjustments have been made to how these funds are distributed across projects, as outlined in this report under the Parking and Transit Services program of work overview. These adjustments are included in this report for Council approval.

The first decommitment process and agreement amendment have been completed, as outlined in the [2024 Second Quarter Budget Monitoring Report](#). At the time of this report, the City is awaiting a decision from ICIP on a second decommitment process. The claims process remains suspended pending the finalization of the decommitment, with an outstanding ICIP receivable of \$12.9 million. The ICIP programs extends through to 2033.

The City continues to advance work through eight housing initiatives under the \$21.4 million Housing Accelerator Fund (HAF) grant from the Government of Canada. To date, two of four installments have been received in the amount of \$10.7 million. The remaining funding remains contingent on meeting the targeted housing supply growth of 3,657 permitted units over three years through 2026. In Q2, the City launched key initiatives under (HAF), including the Community Planning Permit System (IT0123) and the Affordable Housing Community Improvement Plan (CIP) (IT0124). These programs are designed to streamline development approvals and incentivize the creation of new affordable housing units. While implementation is underway, staff anticipate that a significant portion of incentivized units will materialize in the final year of the program, as projects advance through planning and permitting stages. To ensure alignment with HAF objectives and timelines, staff are actively monitoring project budgets within the funding envelope and adjusting as needed to accelerate housing delivery across the community.

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 awaiting further details and guidance to strengthen its partnership with the Province and ensure it maximizes the benefits of the extended grant period. While the City is scheduled to go live with NG-911 in September 2025, the full transition is expected to be completed in early 2026. The grant extension through March 2026 is expected to cover all eligible transition costs.

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). As reported in Q1, the City's EOI for baseline funding was approved for an allocation of \$1.57 million annually for 10 years starting in 2026. To access this funding, 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. Designed to meet both local and regional transit demands, the plan aligns with CPTF's objectives by reducing emissions, enhancing service reliability, and advancing accessibility. It also reinforces Guelph's climate commitments, supports a resilient, inclusive, and future-ready transit system, and will form the basis of the funding agreement.

Last year during the 2025 budget confirmation process, tax supported capital funding increases were reduced to support the objective of a lower tax levy impact. This reduction, combined with a long-term approach to phasing in funding for DC exemptions and discounts, created a projected deficit in the tax supported capital reserve forecast out to 2033. Staff reported to Council that we were leaving space for grant funding to help fill this gap, and that if that did not materialize, capital deferrals would be required through budget confirmation years. This long-term transit funding commitment supports that strategy and will help to reduce the deficit forecast in the tax supported capital reserve funds. Further details will be provided through the 2026 budget update.

The City remains an active partner in the Ministry of Transportation's MRA process, working in collaboration with municipalities across the Greater Golden Horseshoe. The MRA stream is anticipated to allocate approximately \$2 billion annually over a ten-year period, totaling \$20 billion to support strategic transit investments. To support the Ministry's EOI process, the City submitted planning and transportation policy materials highlighting local alignment with transit-oriented communities and intensification goals. In addition, a preliminary request for \$250,000 in planning funding was submitted to assist with measurement and reporting requirements. Timing for next steps remains unconfirmed and project scope for Guelph is yet to be determined.

To further support infrastructure resilience and public well-being, the City has submitted an application to the Provincial Ministry of Infrastructure, under the Health and Safety Water Stream (HSWS) grant. This funding program aims to reduce community risks and protect existing housing stock by ensuring reliable, sustainable water management through targeted upgrades and expansion of water, wastewater, stormwater, and flood and erosion control systems. The City has applied for \$10.7 million through HSWS to rehabilitate the Paisley booster station and reservoir, which is a critical component of the City's water distribution system. It is estimated that this project will preserve approximately 12 thousand housing units. An update will be provided to Council and the public once a decision has been communicated.

In addition to HSWS, the following grant applications totaling \$57.3 million have been submitted and are pending decisions from the funders:

- \$34.8 million from HICC for the Canada Housing Infrastructure Fund (CHIF) to expand the capacity of Guelph's wastewater treatment facility and associated trunk sewers.
- \$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.

- \$620 thousand for the Green Municipal Fund's Growing Canada's Community Canopies grant.
- \$1.4 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.
- \$8 million from HICC for the Green and Inclusive Community Buildings (GICB) program, for energy retrofits and inclusivity upgrades to the River Run Centre.
- \$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.
- \$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 applications were submitted, for which the City was notified in Q2 that we were unsuccessful in securing funding:

- \$95 thousand from Employment and Social Development Canada's Enabling Accessibility Fund for increasing accessible seating at Hastings stadium.
- \$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.
- \$15 thousand from the Invasive Species Action Fund, Accelerated Impact Stream to restore the Eramosa River Corridor.

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. Balances below target reduce the City's financial health, limiting the ability to mitigate any negative financial impacts should an overall City deficit materialize.

Progress on capital works will continue into the summer and fall construction season. 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 June 30, 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 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 June 30, 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 2025 Capital Budget Adjustments

Departmental Approval

Karen Newland, Manager Budget Services

Justin Wei, Deputy Treasurer, Manager, Financial Strategy and Reporting

Report Author

Cathy Butcher, Senior Financial Analyst - Operating, Budget Services

Patricia Zukowski, Senior Financial Analyst - Capital, Budget Services

Dylan Prince, Senior Financial Analyst – Financial Strategy, Strategy & Reporting

Stephanie Devost, Senior Financial Analyst – Financial Strategy, Strategy & Reporting

This report was approved by:

Shanna O'Dwyer

General Manager Finance/City Treasurer and Chief Financial Officer

Office of the Chief Administrative Officer

519-822-1260 extension 2300

shanna.odwyer@guelph.ca

This report was recommended by:

Tara Baker

Chief Administrative Officer

Office of the Chief Administrative Officer

519-822-1260 extension 2221

tara.baker@guelph.ca