

Staff Report

Report To: Corporate Services Committee
Report From: Kate Allan, Director of Corporate Services
Meeting Date: May 8, 2025
Report Code: CR-25-057
Subject: 2025 T1 Financial Update

Recommendations:

THAT in consideration of Staff Report CR-25-057 respecting 2025 T1 Financial Update, the Corporate Services Committee recommends that City Council receive the report for information purposes.

Highlights:

- The City is forecasting a year-end aligned with the budget, aided significantly by a one-time WSIB rebate issued in March 2025.
- Winter control expenditures are tracking over budget, driven by the operational challenges of an unusually intense and relentless series of snowfall events early in 2025, followed by significant spring recovery needs.
- Growth-related revenues, including planning and building permits, outperform budget expectations.
- While seasonal deficits remain a risk, the WSIB rebate has mitigated financial pressures to date.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

Budget approval

Background:

The City of Owen Sound operates on a calendar year budget cycle, with the fiscal year running from January through December. This report summarizes our financial position for the first four months of 2025 (January to April) and provides a forecast for year-end results.

Our forecast methodology is consistent with previous years:

- Year-to-date results (January to April) compared to budget.
- Forecast for May to December based on prior year data adjusted for known anomalies.

It is important to note that, as this report is being prepared in April, we are estimating outcomes for the remaining eight months of the fiscal year. Consequently, all projections are preliminary and subject to change. The forecast relies heavily on historical financial data; therefore, unforeseen events or anomalies that cannot be predicted are not reflected in these estimates.

Exclusions from this Update:

This financial update does not include an analysis of the Owen Sound Police Board accounts. Updates from the Police Board will continue to be provided to Council separately through their regular meeting minutes. Similarly, this report does not include financial results from the Owen Sound & North Grey Union Public Library. Library financial updates are provided through their Board reporting structures.

Analysis:

Applying this approach, the City is currently forecasting year-end that is aligned with budget. Key drivers and pressures include:

Winter Control Costs and Spring Recovery:

The City experienced a particularly challenging winter season operationally, although the total snowfall amount was not unprecedented compared to historical patterns. Since 2000, Owen Sound has recorded at least 10 years

with seasonal snowfalls exceeding 400 centimetres, and in two years, totals even surpassed 500 centimetres.

What distinguished the winter of early 2025 was the relentlessness and intensity of snowfall events over short periods. Between January 12 and January 28, the City received more than 112 centimetres of snow, representing approximately one-third of a full winter's typical accumulation in just two and a half weeks. Although snowfall somewhat eased in February, by February 25, more than 400 centimetres had fallen since the onset of winter weather in December, with 267 centimetres falling after January 1.

In response, the City was repeatedly forced to declare Significant Weather Events under the Minimum Maintenance Standards regulation, acknowledging that weather conditions exceeded the municipality's ability to maintain roadways to standard service levels within typical timeframes.

For context, communities such as Mississauga — with an average seasonal snowfall of just 113 centimeters between 2000 and 2024 — experienced vastly different winter maintenance demands, highlighting the unique and persistent challenges faced by Owen Sound during this season.

As a result:

- Increased use of salt and sand materials to maintain road safety.
- Higher fleet maintenance and fuel costs due to continuous equipment deployment.
- Elevated overtime and contracted service expenses for snow and ice removal from City parking lots, sidewalks, and facilities.

The operational impacts have not ended with winter's conclusion:

- Spring melt and runoff have caused accelerated wear on trails, and drainage infrastructure, requiring immediate repairs.
- Late-season ice storms in March and April added further burdens, including tree clearing, boulevard restoration, and debris removal.
- Standard post-winter maintenance activities such as pothole repairs, street sweeping, and catch basin clearing have been amplified in both scale and urgency.

Collectively, these factors have created sustained cost pressures that exceed a typical winter control budget. At this time, the estimated variance associated with winter control efforts but not including enhanced parks maintenance which is still underway is approximately \$600,000.

Growth-Related Revenues:

Building permit and planning application revenues are trending above budget expectations. The strength in development activity is a positive sign for the City's long-term assessment growth and is providing a partial offset to increased operational costs. The positive development related surplus is currently estimated to be \$190,000 by year end.

WSIB Surplus Rebate:

In November 2024, the WSIB announced a \$2 billion surplus distribution to eligible Schedule 1 businesses. The surplus was the result of strong operational, financial, and investment management performance, which caused the insurance fund's balance to exceed its required reserve levels.

The City received a rebate on March 13, 2025, covering:

- Fire Services (full rebate)
- Other City departments (partial rebate, reflecting deductions for premiums owing up to February 2025)
- Police Services (awaiting confirmation of rebate eligibility)

Rebates were calculated at 60% of the premiums reported for 2023.

It is important to note that while the WSIB announced its intent to distribute a surplus, the exact value of the rebate, the calculation methodology, and the eligibility criteria were not provided until late in the 2024 fiscal year, with final rebate amounts only determined and paid in March 2025.

As a result:

- The City was unable to prudently budget for this revenue in the 2025 Operating Budget. Also, as this is a one-time return of funds, it would not be appropriate to adjust the budget on an ongoing basis.
- Any projections would have been speculative without confirmed eligibility, calculation methods, or rebate timelines.

The one-time WSIB rebate has significantly improved the City's 2025 financial position, but Council should recognize it as non-recurring revenue that temporarily offsets seasonal and operational cost pressures rather than signalling a permanent improvement to base operating revenues. The positive one-time variance resulting from the rebate for general and fire accounts is \$300,000.

Ongoing Risks:

While the WSIB rebate has provided temporary relief, seasonal and infrastructure-related financial risks remain. Staff will continue monitoring for emerging pressures throughout 2025.

Financial Implications:

The current forecast indicates that actual results are in line with budget. However, this is largely due to the WSIB one-time rebate. Without it, the City would likely forecast a deficit primarily attributable to winter control and spring recovery overruns.

Communication Strategy:

A T2 financial update will be delivered to Council in the fall, and a year-end report and approval for any year-end surplus will be presented in the spring of 2026.

Consultation:

City staff and senior leadership

Attachments:

None

Recommended by:

Kate Allan, Director of Corporate Services

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Kate Allan, Director of Corporate Services at kallan@owensound.ca or 519-376-4440 ext. 1238.