

Revenue Variances and Contributing Factors

Background:

At the January 12, 2026 Budget Committee meeting, Councillor Tedjo requested that Finance staff provide a year-over-year analysis of major revenue sources, with particular emphasis on areas experiencing declines and an explanation of the factors contributing to variances from prior projections.

Comments:

Staff prepared the chart below, which displays actual historical results versus budgeted amounts for User Fees over the past three years. The data does not include Planning & Building, as surpluses or deficits there are managed through transfers to or from reserves.

User Fees by Year and Service Area (Excludes P&B)

(\$M) Service Area	2023			2024			2025		
	Actual	Budget	variance	Actual	Budget	variance	Actual	Budget	variance
TRANSIT SERVICES	-99	-92	7	-111	-103	8	-102	-119	-17
RECREATION & CULTURE	-49	-58	-9	-56	-59	-2	-57	-60	-3
ROADS SERVICES	-8	-25	-17	-11	-14	-3	-9	-13	-4
REGULATORY SERVICES	-18	-18	-1	-20	-17	3	-23	-20	4
GENERAL GOVERNMENT	-14	-17	-3	-15	-16	-1	-16	-15	0
PARKS, FORESTRY & ENVIRONMENT	-5	-5	0	-7	-5	1	-6	-5	0
FIRE & EMERGENCY SERVICES	-2	-2	0	-3	-3	0	-3	-3	0
LIBRARY SERVICES	-1	-1	0	-1	-1	0	-1	-1	0
FACILITY PROPERTY MANAGEMENT	0	0	0	0	0	0	0	0	0
IT SERVICES	0	0	0	0	0	0	0	0	0
CORPORATE TRANSACTIONS	0	0	0	0	0	0	0	0	0
Total	-195	-219	-24	-223	-217	6	-217	-236	-19

Below is a summary of the major variances by year:

2023 Highlights

- **Transit:** There was a notable increase in ridership in 2023 as the city emerged from the COVID-19 pandemic, leading to a 9 per cent revenue boost above pre-pandemic numbers.
- **Recreation & Culture:** Revenue dropped due to facility closures, decreased registrations, and staffing shortages—all direct consequences of the COVID-19 pandemic.
- **Roads:** Revenue shortfalls occurred because of delays launching the School Bus Camera Program and transitioning the Automated Speed Enforcement (ASE) Program to the Automated Penalties System (APS). Processing POA tickets was also slowed by COVID-19. Regulatory Services and General Government experienced similar issues.

2024 Highlights

- **Transit:** Despite a revised revenue budget for 2024, a surplus was realized thanks to ongoing ridership growth—especially along student routes.
- **Recreation & Culture:** Challenges persisted, including some facility closures and a gradual return to normal operations.
- **Roads:** Continued shortfalls resulted from APS delays and reduced parking revenue.
- **Regulatory Services:** Surplus revenue was reported, mainly due to Transportation Network Companies (TNC) and increased parking and mobile licensing ticket volumes.
- **Parks, Forestry & Environment:** Higher revenue was fueled by an uptick in marina use and fuel sales, as well as sports field permits.

2025 Highlights

- **Transit:** An 8 per cent increase in the 2025 budget was based on prior ridership trends, but changes in federal immigration policy led to a roughly 10% decline in ridership (notably on Student Routes), reducing revenue.
- **Recreation & Culture:** Ongoing challenges continued at Living Arts Centre and Paramount Fine Foods Centre, with additional impacts from the South Common Community Centre closure. Revenue is expected to recover once construction is completed.
- **Roads:** Revenue missed budget expectations in 2025 primarily because the Province cancelled the Automated Speed Enforcement program.
- **Regulatory Services:** Surplus revenue stemmed from TNC and grants for short-term accommodations.

Each year, staff review revenue budgets and propose updates by benchmarking with other municipalities, considering economic trends and assessing outside influences.