

Appendix 2 - ES-033-24

2024 Operating Variance Commentary By Department

Variances impacting multiple departments of the Town are highlighted below.

Staff Gapping

In 2024, the Town budgeted for savings from staff vacancies in the amount of \$1,025,000. As staff gapping savings are identified, the salary and benefit budget is reduced within the respective department while an offsetting variance is shown against the budgets in General Government up to the full year budgeted gapping amounts. This redistributes the annual budget from the departments as the savings are being incurred. The Town wide staff gapping savings projected through the September variance review process are \$1,899,331. As such, the budgeted savings of \$1,025,000 have been reached and additional savings in the amount of \$874,331 are expected to be realized.

Insurance

As previously reported through ES-022-24, the Town's insurance policies were renewed for a 12-month period from July 2024 to June 2025 at a cost of \$1,407,472 for 2024. A favourable variance to budget of \$64,078 is being reported. Insurance costs have been allocated across departments and corresponding forecast changes reflecting variances to budget for each department have been completed.

Fuel and Utilities

Reducing hydro consumption has been the focus of several recent capital programs. LED lighting upgrades at the Milton Sports Centre, and the Milton Leisure Centre have reduced consumption and maintenance costs. These projects, along with reduced demand have led to energy consumption reductions with hydro and gas savings of \$244,997 being reported within the Town facilities. Partially offsetting this are water cost increases of \$69,000 across the facilities, which is due to a combination of increased rates and consumption.

Grant Funding

The Town was successful in receiving provincial grant funding in 2024 for Next Generation 9-1-1 (NG911) to support the Town's transition to the new NG911 requirements by the federally mandated timeline of March 4, 2025. Total funding of \$230,370 was received for phase 2, of which \$193,479 will be applied towards IT and Fire related expenditures within the operating budget. The balance will offset costs incurred in the capital program.

Variances identified within specific departments are as follows:

Mayor & Council - \$464 Projected Favourable

The variance represents a savings in insurance.

2024 Operating Variance Commentary By Department

Executive Services - \$148,348 Projected Favourable

Office of the CAO is projecting a year-end surplus of \$4,627, which primarily relates to expected savings in purchased services.

The Strategic Initiatives and Economic Development is projecting a net surplus to budget of \$103,577 due largely to savings from staff vacancies.

The Finance division is expecting savings of \$40,144. This is largely due to staff vacancy savings of \$41,164 as well as savings of \$23,307 in professional development, insurance and memberships. These savings are partially offset by a reduction in revenues of \$24,327 largely driven by lower than anticipated tax name ownership changes.

Corporate Services - \$971,147 Projected Favourable

Information Technology is projecting savings of \$828,544. The delay in acquiring certain software, lower than anticipated rates and change of renewal periods is expected to result in a reduction of \$415,000 in annual maintenance costs. Savings due to staff vacancies of \$248,420 are also expected. New NG911 grant funding of \$147,122 is also being reported. Other miscellaneous savings are expected in areas such as professional development, contracts and insurance.

Human Resources is expecting a deficit of \$1,135,807. Of this amount \$256,968 relates to the transfer of two positions from the Library to the Town with a net zero impact Town wide as an offsetting reallocation of a portion of the tax levy from Library to Town is being reported within General Government. Savings in corporate training and insurance of \$36,161 are expected. The balance of the projected deficit relates to HR related legal matters.

Legislative and Legal Services is projecting a \$20,719 unfavourable variance. This variance is primarily due to an expected shortfall in parking enforcement revenue of \$350,000 as well as increased legal costs of \$30,000. Partially mitigating these deficits are savings of \$120,000 in the overnight parking enforcement contract due to favourable pricing on the tender award, a reduction in postage costs of \$45,000 and savings due to staff vacancies of \$194,089 as well as other miscellaneous net savings.

Strategic Communications is projecting savings of \$53,061 primarily due to savings from staff vacancies and insurance.

Transit is anticipating a surplus in the amount of \$869,600. This is largely driven by increased GO Transit fare integration subsidies of \$700,000 due to current and projected growth of post-secondary and cross-boundary transit markets, combined with projected savings in fuel of \$150,000.

Fire is projecting a surplus to budget of \$376,468. Net staff savings of \$292,890 are expected as a result of staff vacancies and anticipated year-end accounting adjustments

Appendix 2 - ES-033-24

2024 Operating Variance Commentary By Department

to vacation carry-over accruals. New NG911 grant funding of \$45,549 is also being reported along with a projected increase of \$30,000 in fee revenues and other miscellaneous net savings.

General Government - \$479,620 Projected Unfavourable

In 2024, the Town budgeted for savings from staff vacancies in the amount of \$1,025,000. As staff gapping savings are identified, the salary and benefit budget is reduced within the respective department while an offsetting variance is shown against the budgets in General Government up to the full year budgeted gapping amounts. This redistributes the annual budget from the departments as the savings are being incurred. By end of September 2024, the Town wide staff gapping savings identified were \$1,899,331. The budget of \$1,025,000 has been reached and additional savings in the amount of \$874,331 have been realized.

Due to a higher than anticipated portfolio balance, investment income for the Town is forecasted to be \$4.1 million favourable to budget. In accordance with Town policy, investment earnings in excess of the established limit in the operating budget will be allocated to specific reserves as identified through the budget process with no impact to the bottom line. Based on fluctuating market conditions and varying reserve and reserve fund balances, overall investment income and allocations to specific funds may change throughout the balance of the year.

Within the area of taxation, penalties and interest on taxes receivable are expected to exceed budget by \$410,000. This is partially offset by a shortfall to budget of \$50,267 in the final 2024 payments in lieu and tax billings to the hydro companies. Reflected in General Government is a reallocation of a portion of the tax levy from the Library to the Town in the amount of \$256,968 to offset the position movements as noted above.

WSIB costs are expected to be \$71,320 over budget. In accordance with the Town's Treasury Policy No. 116 funds may be transferred from the WSIB reserve at year end in order to manage the budget relative to actual levels of activity.

An increased dividend for 2023 was declared by Milton Hydro Holdings and remitted to the Town in 2024 in the incremental amount of \$185,618. Furthermore, based on the most current projections from Milton Hydro, 2024 dividends are expected to be \$354,986 greater than what had previously been included in the Town's budget. In accordance with the Town's Treasury Policy, transfers to reserve will be utilized to stabilize the net impacts relative to the budgeted Milton Hydro funding distributions such that there will be no net impact to the Town from annual fluctuations.

Community Services - \$1,709,407 Projected Favourable

Recreation and Culture Facilities is projecting a net surplus of \$89,616. A \$238,000 increase in facility contracts costs is due to inflationary pressures as well emergency works. In addition, rental revenues are expected to be under budget by \$54,067. However,

2024 Operating Variance Commentary By Department

these pressures are more than offset by savings from reduced utility consumption of \$110,000 and staffing savings \$101,146. A reallocation of staff positions, with no net impact to the Town's bottom line, is resulting in a further reduction of \$174,244 in salary and benefits within the Recreation and Culture Facilities division.

Administration and Civic Facilities is projecting a favourable variance of \$349,441 largely related to savings due to staff vacancies of \$270,592, utilities savings of \$65,997 and a decrease in insurance premiums of \$92,833. Partially offsetting these items is an increase in contracts of \$50,000 as well as the reallocation of a legal budget of \$14,000 from the Development Services Administration Division with no net impact Town wide.

Programs is forecasting a favourable variance to budget of \$623,587. This is largely due to a net revenue increase of \$557,118 associated with increased program demand, particularly in the area of Aquatics. Partially offsetting this is an increase of \$60,000 in credit card charges due to higher online registration. Savings due to staff vacancies of \$220,241 are also expected. A reallocation of staff positions is resulting in an increase of \$82,890 in salary and benefits within the Programs division, with no net impact to the Town.

Operations is expecting an overall favourable variance of \$392,586. Of this amount, \$552,950 relates to savings in winter maintenance due to a lighter winter season. Savings from staff vacancies of \$173,472 and in overtime of \$70,000 are also expected. A reallocation of staff positions, with no net impact to the Town's bottom line, is resulting in a further reduction of \$44,625 in salary and benefits. Savings related to fuel usage of \$150,000 is expected. Revenue increases are expected in the amounts of \$81,400 from park rentals and \$128,900 in increased recoveries from developers for winter maintenance of new subdivision registrations and a shift in the timing of expected assumptions of existing subdivisions. Partially offsetting these savings is an expected increase in material and contract costs of \$306,000 related to guard rail maintenance, vandalism removal and landfill disposal activities trending higher than previous years, combined with increased costs of outsourcing fleet maintenance and repairs in the amount of \$360,000. A net reduction in recoveries from Halton Region of \$56,839 are the result of reduced winter maintenance activities. An additional \$82,828 negative variance is due to the insurance allocation.

Infrastructure Management is projecting a \$254,177 favourable variance. Of this amount, net savings of \$169,384 is related to a reallocation of positions from Infrastructure Management to Development Services with no net impact to the Town. A further \$73,168 is related to savings due to staff vacancies. Increased fee revenue of \$134,324 is largely the result of increased developer recoveries of streetlight hydro and maintenance costs due to a shift in timing of subdivision assumptions along with new subdivisions not anticipated in the original budget estimates. Partially offsetting these savings is an increase of \$134,000 in contracts for traffic signal maintenance and signal reflectivity.

Development Services - \$900,482 Projected Favourable

Appendix 2 - ES-033-24

2024 Operating Variance Commentary By Department

Planning Services is expecting a surplus in the amount of \$845,641. Savings due to staff vacancies in the amount of \$325,382 is being reported along with an increase in planning application revenues of \$602,792, reflecting a shift in the timing of development activity. Partially offsetting these savings are increased staffing costs of \$101,808 related to a reallocation of positions from the Infrastructure Management division with no net impact to the Town.

Within Building Services, an increase in projected building permit revenues of \$928,333 is forecast for 2024, driven largely by an increase in overall residential unit applications due to a shift in timing. Delays in hiring have led to staff savings of \$418,166. As a result, there is an expected increase in contribution to the Building Stabilization Reserve this year in the amount of \$1,386,594. Overall, there is no net financial impact to the Town.

Development Engineering is projecting a \$20,921 favourable variance. A deferral in the timing of the CLI ECA monitoring program will result in contract savings of \$100,000 in 2024. Increased revenue of \$161,930 relates to a higher volume of work associated with building permit activities. Partially offsetting these savings are an additional \$120,029 in net costs as a result of the reallocation of positions from the Infrastructure Management division and the Admin and Civic Facilities division referenced above with no net impact to the Town. A further projected increased cost of \$95,702 is due to performing more work on undeveloped subdivisions than will be recovered through the Engineering and Inspection Fees. The remaining variance is the result of expected shortfalls in other fee revenue of \$25,046.

The Administration division has a surplus of \$33,920 related to miscellaneous savings in purchased goods, insurance and postage and the legal budget reallocation to the Community Services Administration and Civic Facilities division.

Library - \$31,042 Projected Unfavourable

The library is expecting a deficit of \$31,042, which largely relates to a shortfall of \$41,899 in fee revenue, combined with increased costs of \$27,405 in contract and insurance to address cyber security as well as increased costs of \$10,000 in program expense. Partially offsetting this are staff gapping savings of \$57,400 and other miscellaneous net savings.

As mentioned above, the transfer of two positions from the Library to the Town is resulting in savings of \$256,968 to the Library. There is a net zero impact to the Library as a result of an offsetting reallocation of a portion of the tax levy from Library to Town.

Hospital - No Projected Net Variances

BIA - \$19,694 Projected Favourable

The BIA is expecting to be in a surplus position due to additional fundraising and donation revenues received of \$22,434 and savings of \$6,130 in insurance. Partially offsetting

Appendix 2 - ES-033-24

2024 Operating Variance Commentary By Department

these savings are costs of \$8,739 associated with the introduction of new employee benefit plan in 2024.