

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 departments 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 for full time staff in 2024 was \$2,224,461. As such, the budgeted savings of \$1,025,000 were met, with an excess of \$1,199,461 over budget resulting in a net favourable variance to the Town. Additional savings from the temporary leaves of part-time staff are reported within each affected department below.

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.

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 rates have led to hydro and gas savings of \$431,855 being reported within the Town. Partially offsetting this are water cost increases of \$55,265, 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. Total funding of \$1,004,243 was received in 2024, of which \$346,411 was applied towards IT and Fire related expenditures within the operating budget. A portion of the funding received is also offsetting costs incurred in the capital program in 2024.

Variances identified within specific departments are as follows:

Mayor & Council - \$44,794 Favourable

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The favourable variance is primarily a result of savings in benefits, contracts and professional development.

Executive Services - \$196,655 Favourable

Office of the CAO is reporting a slight unfavourable variance of \$1,561.

Strategic Initiatives and Economic Development is reporting a surplus of \$136,134 due largely to savings from staff vacancies.

The Finance division is reporting savings of \$62,082, which is the result of savings due to staff vacancies as well as savings in professional development and purchased goods and services.

Corporate Services - \$2,096,201 Favourable

Information Technology is reporting savings of \$866,431. This is largely due to savings in annual maintenance and service agreement costs of \$491,156 as a result of timing changes in acquiring certain software, lower than anticipated rates and change of renewal periods. The balance is due to NG911 grant funding of \$261,518 and savings from staff vacancies.

Human Resources is reporting a deficit of \$921,704. Of this amount, \$256,968 relates to transfer of two positions from the Library to the Town with a net zero impact Town wide and the majority of the balance relates to HR related legal matters.

Legislative and Legal Services is reporting an unfavourable variance to budget of \$174,217. This variance is primarily due to a shortfall in parking enforcement revenue of \$409,010 as well as increased legal costs of \$119,529. Partially mitigating these deficits are contract savings of \$125,071 which largely relate to favourable pricing on the overnight parking enforcement contract and savings from staff vacancies of \$194,089 as well as other miscellaneous items.

Communications and Customer Experience is reporting a surplus of \$108,887 primarily due to savings from staff vacancies and purchased services.

Transit is reporting a favourable variance of \$1,523,566. This is largely driven by increased GO Transit fare integration subsidies and ticket sales due to growth of post-secondary and cross-boundary transit markets, combined with savings in fleet expenses.

Fire is reporting savings of \$693,238. Net staff savings of \$537,981 are largely the result of staff vacancies. Also contributing to the surplus is higher than expected fee revenue and an allocation of a portion of the NG911 grant funding.

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General Government - \$46,962 Unfavourable

Savings from staff vacancies in 2024 have been budgeted at \$1,025,000 within General Government. While the Town met and exceeded the budgeted staff vacancy savings, those savings are not reflected in General Government but rather in each specific department to which they relate.

Within the area of taxation, tax write-offs were lower than budget by \$461,590 while penalties and interest payments exceeded budget by \$867,377. 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.

Costs associated with claims insurance related incidents are tracked centrally within General Government. A deficit in this area of \$329,344 was realized which included a combination of the mitigation works that were undertaken by the Town as well as the legal costs incurred during the period. In addition, WSIB costs were \$217,236 unfavourable to budget.

According to Town policy, investment income from reserve funds, including development charge reserve funds, is allocated directly to the respective reserve fund, with any remaining income processed through the operating budget. Due to a higher than expected portfolio balance and an overall increase in yields, the Town's investment income exceeded the budget by \$4.7 million. Of this, \$4.2 million was directed through Financing Revenue within General Government and subsequently allocated to specific reserves as outlined in the budget process, with no impact on the bottom line.

Dividends from Milton Hydro were \$354,559 greater than what had been included in the Town's 2024 budget. In accordance with the Town's Treasury Policy, transfers to reserve were used to stabilize the net impacts relative to the budgeted Milton Hydro funding distributions such that there is no net impact to the Town from annual fluctuations.

Community Services - \$3,258,870 Favourable

Recreation and Culture Facilities is reporting a net surplus of \$634,035. Savings from both consumption and price of utilities in the amount of \$338,051 were realized. A further \$241,239 of the surplus is due to staff vacancies and a reallocation of staff positions that has no net impact to the Town's bottom line. Savings of \$63,633 from materials and supplies is mainly due to less than expected ice maintenance. User fees were also higher than budget by \$99,861, primarily in the area of gymnasium rentals. Partially offsetting these savings are increased facility contracts costs of \$172,972 due to a combination of inflationary pressures and emergency works.

Administration and Civic Facilities is reporting a favourable variance of \$347,656. Although the recovery of staff time working on capital projects and subdivision development was lower than budget by \$398,797 and \$207,055 respectively, it was more than offset by staff savings of \$756,700 which is a combination of staff vacancies and a

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reallocation of staff positions that has no net impact to the Town's bottom line. Further contributing to the surplus was reduced utility consumption of \$107,390 and savings in insurance expenses of \$92,833.

Programs is reporting a surplus of \$727,738. This is largely due to staff savings of \$266,283, primarily in the area of part time staff, combined with a net user fee revenue increase of \$188,431 associated with increased program demand. Further contributing to the surplus was contract savings of \$101,154 as well as \$131,986 of savings in materials, service agreements and trip expenditures.

Operations is reporting an overall favourable variance of \$1,431,618. Of this amount, \$546,668 relates to staff savings, largely due to vacancies. Due to a lighter winter season, winter maintenance contract and materials costs for Town roadways were lower than budget by \$269,073. A further \$582,427 in savings is being reported in non winter contract and material costs for road and park maintenance. These savings were partially offset by increased spending of \$120,488 in fleet maintenance costs, increased utility costs in the parks of \$43,790 and higher than anticipated insurance costs of \$88,348. Park rental revenues exceeded budget by \$82,193. Additional revenues of \$175,711 relate to increased recoveries from developers for winter maintenance due to new subdivision registrations and a shift in the timing of expected assumptions of existing subdivisions.

Infrastructure Management is reporting savings of \$117,823. This variance is largely due to staff savings of \$244,131 which includes a transfer of positions between departments with a net zero impact Town wide. Partially offsetting this is a lower than budget recovery of staff time working on capital projects in the amount of \$182,890 as well as increased material and supply costs of \$52,734 related to the cost of streetlight maintenance. Additional revenues of \$124,010 relate to 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.

Development Services - \$241,319 Favourable

Planning Services is reporting a surplus in the amount of \$114,586. Savings due to staff vacancies in the amount of \$180,596 is being reported along with savings from advertising of \$39,985. This is partially offset by a shortfall to budget of \$127,655 in the recovery of staff time working on capital projects.

Within Building Services, there was a slight shortfall in building permit revenues of \$134,171 due to a shift in timing of applications. This was more than mitigated by savings in staffing and other costs and resulted in a higher than budgeted transfer to the Building Rate Stabilization Reserve for 2024 with no net impact to the Town's bottom line.

Development Engineering is reporting savings of \$74,486. This primarily relates to a deferral in the timing of the CLI ECA monitoring program resulted in contract savings of \$100,000 in 2024. Increased revenue of \$188,066 relates to a higher volume of work associated with building permit activities. Partially offsetting these savings are an

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additional \$177,563 in staffing costs as a result of the reallocation of positions between departments that had no net impact to the Town. The remaining variance is the result of shortfalls in the recovery of staff time working on capital projects of \$60,454.

The Administration division has a surplus of \$52,245 largely due to savings in purchased goods, postage, insurance and legal costs.

Library - \$194,585 Favourable

Savings in staff costs and unplanned grant revenue received in an amount of \$22,338 have been partially offset by increased costs associated with program expenses and purchased services as well as a shortfall in fee revenue. In 2024 there was also a transfer of two positions from the Library to the Town with an associated impact in each area of \$256,968 and a net zero impact Town-wide.

Hospital - No Projected Net Variances

BIA - \$104,408 Favourable

The BIA is reporting a net surplus position due to additional fundraising and donation revenues received of \$56,890 and savings of \$54,760 in material and supplies and purchased services. The BIA surplus is inclusive of the Town's increased contribution to the BIA in the amount of \$76,281, which was funded from the Ontario Lottery and Gaming Corporation Proceeds and will be reviewed through future budget discussions.