

2025 Operating Variance Commentary By Department

Variances impacting multiple departments of the Town are highlighted below.

Staff Gapping

In 2025, the Town budgeted for savings from staff vacancies in the amount of \$1,125,000. 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 May variance review process is \$1,287,796. As such, the budgeted savings of \$1,125,000 have been reached and additional savings in the amount of \$162,796 are expected to be realized.

Insurance

As previously reported through ES-022-25, the Town's insurance policies were awarded for a 12 month period from July 2025 to June 2026. The cost for 2025 is approximately \$1,466,075 and a favourable variance to budget of \$74,922 is being reported. The insurance costs are currently reflected in General Government but will be allocated across departments once the final invoice received.

Fuel and Utilities

With the federal government decision to remove the consumer carbon tax, it is estimated that the Town will experience savings of \$441,949 related to reduced costs in fuel and natural gas.

Copies

The copies budget was reallocated from individual departments to the Information Technology division to better centralize the costs under the division responsible for management and realize administrative efficiencies through the elimination of the allocation of these costs across all divisions. These forecast changes have a net zero impact Town wide.

Variances identified within specific departments are as follows:

Mayor & Council - \$33,111 Projected Favourable

Savings in the Mayor and Council are related to the vacancy in one of the Councillor positions. As reported through CORS-009-25, these savings will be used to partially fund costs associated with the by-election scheduled for October 2025.

Executive Services - \$208,426 Projected Favourable

2025 Operating Variance Commentary By Department

Office of the CAO is reporting a surplus of \$1,500 which relates to the reallocation of the copies budget to the Information Technology division.

The Strategic Initiatives and Economic Development is reporting a deficit of \$3,851 which relates to a reallocation of costs from Communications and Customer Experience division reflecting a shift in responsibility for intergovernmental relations offset by a reallocation of the copies budget to Information Technology.

The Finance division is projecting a net surplus to budget of \$210,777, due largely to savings of \$180,411 from staff vacancies, combined with savings in purchased goods of \$18,137 mainly related to reallocation of copies budget to Information Technology division. The remaining variance is related to savings in administrative expenses and increase in admin fee revenue.

Corporate Services - \$1,045,044 Projected Favourable

Information Technology is reporting savings of \$214,625. Of this amount, \$147,675 is attributed to staff vacancy savings. Additional gapping savings of \$89,177 have been reallocated to Legislative and Legal Services and Communications and Customer Experience divisions to support contract extensions. Savings in purchased services of \$52,000 relate to communications, resulting from the deferred deployment of telephone and connectivity lines. To create efficiencies in administration processes associated with allocating copies costs to departments, the copies budget has been centralized under Information Technology which is the division responsible for managing copiers Town wide. This change, with no net impact to the Town's bottom line, is resulting in a deficit of \$85,726 in Information Technology. The Town was successful in receiving provincial grant funding in 2024/25 for Next Generation 9-1-1 (NG911) - Phase 3 in the amount of \$1.4 million. The portion related to fiscal 2025 was \$630,409, of which \$11,500 is being applied towards IT related expenditures in the operating budget. The balance will offset costs incurred in the capital program.

Human Resources is reporting a surplus of \$9,714, primarily due to staff vacancies and savings in administrative expenses.

The Legislative and Legal Services is forecasting a favourable variance to budget of \$17,543. A net savings from staff vacancies of \$48,052 is expected. Current analysis suggests that the fall 2025 By-election is forecasted to cost \$111,002, which will be funded from the Councillor vacancy savings of \$33,111 from the Mayor & Council department and the Tax Stabilization Reserve in accordance with staff report CORS-009-25.

Communications and Customer Experience is reporting a deficit of \$23,640 primarily staffing contract extensions funded from savings in the IT division.

Transit is anticipating a surplus in the amount of \$709,219. This is largely driven by developer revenues associated with Subsidized Transit Pass Agreements of \$561,709, combined with projected savings in fuel of \$147,510.

2025 Operating Variance Commentary By Department

Fire is projecting a surplus of \$117,583 largely related to savings in staff vacancies.

General Government - \$585,250 Projected Unfavourable

In 2025, the Town budgeted for savings from staff vacancies in the amount of \$1,125,000. 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 May 2025, the Town wide staff gapping savings identified were \$1,287,796. The budget of \$1,125,000 has been reached and additional savings in the amount of \$162,796 have been realized.

Costs associated with WSIB claims are tracked centrally within General Government. A deficit of \$616,996 is expected for 2025 due to the cost of claims received. The division is reflected as being balanced to budget for year end with an adjustment to the transfer to/from the Town's WSIB reserve in accordance with Town policy.

A surplus of \$449,747 is being reported related to the reversal of an Allowance for Bad Debts whereby the Town now has certainty that costs associated with watermain works on Pan Am Boulevard will be recovered from MEV landowners through future agreements.

Additional revenue of \$90,003 relates to the recognition of income for items that had previously been reflected in the Town's deferred revenue balance.

Based on Town policy, the investment income related to reserve funds, including development charge reserve funds, is allocated directly to the specific reserve funds with the remaining going through the operating budget. Due to a higher than anticipated portfolio balance and overall increase in yields, investment income for the Town is forecasted to be \$2.8 million favourable to budget, with \$2.1 million flowing through Financing Revenue within General Government and then 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 year.

An increased dividend for 2024 was declared by Milton Hydro Holdings and remitted to the Town in 2025 in the incremental amount of \$48,344. Furthermore, based on the most current projections from Milton Hydro, 2025 dividends are expected to be \$93,805 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.

2025 Operating Variance Commentary By Department

Deferred timing of development activity is resulting in an expected deficit of \$5,122,872 in capital provision and per unit processing fees. This results in no impact to the Operating Budget bottom line however it will result in a lower balance transferred to reserve. The revenue delay has timing implications for the 10 year capital forecast which will be considered through future budgets.

Community Services - \$710,229 Projected Favourable

Recreation and Culture Facilities is projecting a net surplus to budget of \$271,817 which is largely driven by an anticipated reduction in utility costs of \$223,011 following the removal of the carbon tax and increases in user fees revenues of \$180,627, partially offset by associated increases in purchased goods and services of \$92,542 and a net increase in salaries and benefits of \$45,377 as a result of a reallocation of staff between divisions with no net impact to the Town's bottom line.

Administration and Civic Facilities is forecasting a favourable variance to budget of \$463,119, largely due to reduced staffing costs associated with vacancies and a reallocation of staff positions between departments with no net impact to the Town's bottom line.

Programs is reporting a surplus of \$286,486, largely due revenue increases of \$448,193 driven by high demand for programs, particularly in the area of Fitness and Aquatics. Partially offsetting this is increased costs associated with staffing \$169,234 and purchased goods and services of \$17,561.

Operations is expecting an overall deficit of \$370,883. Of this amount, \$595,373 relates to increased winter maintenance costs resulting from severe storms during the past winter, which brought record snowfall, prolonged blizzard conditions and required extended response efforts. This is partially offset by an expected savings in fuel costs of \$62,741, along with savings in insurance costs of \$44,185. An additional \$120,700 of savings relates 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 projecting a \$59,690 favourable variance, related 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 - \$818,844 Projected Favourable

Planning Services is expecting a surplus in the amount of \$953,475. Savings due to staff vacancies in the amount of \$280,354 is being reported along with an increase in revenues of \$653,445 reflecting the timing of planning applications. The remaining variance is the result of an expected increase in other user fee revenues.

2025 Operating Variance Commentary By Department

Within Building Services, a decrease in projected building permit revenues of \$4,769,611 is forecast for 2025, driven largely by a decrease in industrial, commercial and institutional applications and permit issuance through 2025 combined with a small decrease in residential units. However, this is partially offset by savings due to staff vacancies in the amount of \$0.5 million. As a result, there is an expected decrease in contribution to the Building Stabilization Reserve this year in the amount of \$4,160,787. Overall there is no net impact to the Town's net operating budget.

Development Engineering is reporting a deficit of \$152,238. This is primarily related to costs increases of \$185,490 due to performing more work on undeveloped subdivisions than will be recovered through the Engineering and Inspection Fees. A further \$13,250 is related to consultant costs increase. Partially offsetting this is savings from staff vacancies of \$54,669.

The Administration division has a surplus of \$17,607 related to the reallocation of copies budget and savings from insurance costs.

Library - \$117,916 Projected Favourable

The library is expecting a surplus of \$117,916, largely due to savings from staff vacancies.

Hospital - No Projected Net Variances

BIA - No Projected Net Variances