

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 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 2025 was \$3,199,777. As such, the budgeted savings of \$1,125,000 were met, with an excess of \$2,074,777 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-022-25, the Town's insurance policies were awarded for a 12 month period from July 2025 to June 2026 at a cost of \$1,475,215 for 2025. A favourable variance to budget of \$74,347 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 and Fuel

With the federal government decision to remove the consumer carbon tax, it has led to gas and fuel savings of \$ 687,504 being reported within the Town. Partially offsetting this are water and hydro cost increases of \$249,526, which is due to a combination of increased rates and consumption.

Variances identified within specific departments are as follows:

Mayor & Council - \$73,437 Favourable

The favourable variance includes \$33,111 in savings related to a vacancy in one Councillor position for a portion of the year, with the remaining savings primarily driven by lower-than-budgeted benefit costs, contract expense, and professional development activities.

Executive Services - \$536,776 Favourable

The Office of the CAO is reporting an unfavourable variance of \$15,432, driven primarily by higher-than-budgeted salary and benefit costs, partially offset by savings in purchased services.

Appendix 2 - ES-016-26

2025 Operating Variance Commentary By Department

Strategic Initiatives and Economic Development is reporting a surplus of \$298,642, including \$196,347 in savings from staff vacancies, supplemented by savings of \$55,414 in contracts, \$35,835 in marketing initiatives and marketing goods and services, and \$33,289 in program expenses, partially offset by increased consultant costs of \$39,675.

The Finance division is reporting savings of \$253,566, due largely to savings of \$317,308 from staff vacancies, combined with savings in professional development of \$36,381, in purchased goods of \$20,149 and in consultants of \$13,748. These savings are partially offset by higher-than-anticipated legal expenses of \$32,865, professional fees of \$19,654, postage costs of \$12,111 and a \$82,924 reduction in building reallocated revenue due to a change in allocation methodology, with no net impact on a Town-wide basis.

Corporate Services - \$1,125,781 Favourable

Information Technology is reporting savings of \$841,657. The primary driver is due to savings from staff vacancies in the amount of \$423,422. Additional variances include savings of \$298,829 in annual maintenance costs and \$156,083 in service agreements, resulting from delays in software acquisitions, lower-than-anticipated rates, and changes in renewal periods. Communication-related savings of \$118,978 reflect the deferred deployment of telephone and radio communication lines. The department received provincial grant funding of \$36,603 related to Next Generation 9-1-1 - Phase 4. In addition, an unbudgeted transfer to reserves of \$114,396 was completed to return provincial grant funding related to Next Generation 9-1-1 - Phase 3, as the costs intended to be recovered from this funding were subsequently deemed ineligible. The remaining unfavourable variance is mainly due to lower-than-anticipated capital recoveries.

Human Resources is reporting a deficit of \$18,015, primarily due to HR related legal matters which were partially offset by savings from staff vacancies, reduced usage of the employee assistance program and savings in corporate training.

Legislative and Legal Services is reporting an unfavourable variance to budget of \$233,920, which is primarily related to shortfalls in parking fine revenue of \$736,050, a shortfall in parking permit revenue of \$168,334 associated with the transitional neighbourhood parking strategy, and increased legal costs of \$100,904. These pressures are partially offset by net staff vacancy savings of \$463,671, higher court awarded fines of \$190,206, and savings of \$59,385 in contracts, \$27,528 in postage, and \$35,864 in administrative expenses. Additional Residential Permit fee revenue of \$287,640 was received during 2025 which was transferred to reserve to fund the capital project that was established to track costs and revenues during the pilot phase resulting in no net impact to the operating fund.

Communications and Customer Experience is reporting a surplus of \$62,196 which is primarily due to savings in administrative expenses and purchased goods and services.

Transit is reporting an unfavourable variance of \$223,325. Transit expenditures exceeded budget by \$478,148, driven by higher contract costs associated with increased demand

2025 Operating Variance Commentary By Department

for specialized service, greater-than-expected utilization of the low-income subsidy program, and increased snow-clearing costs at transit stops due to winter conditions. These pressures were partially offset by revenues exceeding budget by \$254,823. While conventional ridership declined due to federal immigration policy impacts, resulting in lower fare media revenues, the recognition of developer revenues from Subsidized Transit Pass Agreements, resulted in transit revenues exceeding budget overall.

Fire is reporting savings of \$697,181. Net staff savings of \$577,614 is largely the result of a year-end accrual for vacation carryover combined with savings from vacancies through the year. Also contributing were lower than expected contract costs of \$133,663 and higher than expected fee revenue of \$102,160. These areas of savings were partially offset by higher than expected fleet and equipment maintenance costs of \$51,817 and costs associated with other municipalities responding to fire calls within Milton of \$31,088.

General Government - \$1,112,730 Unfavourable

Savings from staff vacancies in 2025 have been budgeted at \$1,125,000 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 \$172,868 while penalties and interest on taxes receivable exceeded budget by \$1,441,269. A further surplus of \$79,762 is reported in payments in lieu. These were partially offset by a shortfall to budget of \$23,366 in various taxation revenues. Supplementary taxes exceeded budget by \$2,599,609 which has been transferred to reserve in accordance with Town policy.

Costs associated with WSIB claims and insurance related incidents are tracked centrally within General Government. A deficit of \$435,733 was realized in 2025 with respect to the cost of insurance claims received and a deficit of \$1,945,373 is being reported related to the cost of WSIB claims received and an actuarial update to WSIB liabilities.

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. POA revenue also exceeded budget for the year by \$164,602.

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, \$4.4 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.

2025 Operating Variance Commentary By Department

Dividends from Milton Hydro were \$93,805 greater than what had been included in the Town's 2025 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 - \$1,334,008 Favourable

Recreation and Culture Facilities is reporting a net deficit of \$35,672. Facility contract costs exceeded budget by \$532,639 primarily due to emergency repairs. This unexpected pressure was partially mitigated by utilities savings of \$298,104. Increased staffing and materials costs of \$151,932 were related to increased usage of the facilities, particularly in the areas of concessions, ice rentals and ticket sales, which resulted in user fees exceeding budget by \$336,142.

Administration and Civic Facilities is reporting a favourable variance of \$565,368. Although the recovery of staff time working on capital projects and subdivision development was lower than budget by \$291,985 and \$165,264 respectively, it was more than offset by staff savings of \$989,363 which is a combination of staff vacancies and a reallocation of staff positions that has no net impact to the Town's bottom line.

Programs is reporting a surplus of \$771,121. This is largely driven by \$344,197 in staffing-related savings, along with a net increase of \$300,469 in user fee revenue resulting from higher program registrations, particularly in fitness and aquatics. These revenues are partially reduced by associated increases in transaction processing costs of \$45,343. Additional contributing factors include \$59,051 in grant funding, \$27,576 in savings from service agreements, and reduced usage of the Milton Access to Recreation program relative to budget.

Operations is reporting an overall unfavourable variance of \$30,122. The severe storms during this past winter caused materials and contract costs for the winter maintenance of Town roads to exceed budget by \$1,443,366. This was partially offset by increased developer recoveries of \$124,370 associated with the Town providing winter maintenance in unassumed subdivisions, reflecting a timing shift in subdivision assumptions. Similarly, winter maintenance on Regional roads was also greater than anticipated which resulted in savings to the Town through an increased recovery of Town vehicle costs from the Region in the amount of \$324,176 as well as an increased overall net recovery from the Region of \$62,575. Other areas of cost pressure included increased costs of stormwater maintenance of \$113,175 due largely to emergency cross-connection repairs, increased fleet costs, net of fuel savings, of \$103,802, increased forestry and horticulture costs of \$81,023, and increased usage of water in parks of \$87,051. These areas of increased pressure were largely offset by savings from staff vacancies of \$734,795, reduced summer maintenance costs of roadways of \$248,808, increased park rental revenues of \$72,705 and less than anticipated summer general maintenance costs on Regional roads of \$305,748, along with other miscellaneous other areas of savings.

2025 Operating Variance Commentary By Department

Infrastructure Management is reporting savings of \$63,313. This variance is largely due to staff savings of \$177,926, offset by a lower than budget recovery of staff time working on capital projects in the amount of \$265,479. Further contributing to the surplus is increased revenues of \$71,670 related to developer recoveries for streetlight hydro and maintenance costs, reflecting timing shifts in subdivision assumptions and new subdivisions not anticipated in the original budget, as well as \$35,937 in additional user fee revenues and savings of \$60,294 in consultant and contract costs as well as other miscellaneous areas. Hydro costs associated with streetlighting were overbudget by \$45,898.

Development Services - \$2,172,644 Favourable

Planning Services is reporting a surplus of \$2,238,884 largely due to an increase in user fee revenues of \$2,019,473, reflecting the timing of planning application activity, combined with savings from staff vacancies in the amount of \$413,123. This is partially offset by an increase in building reallocated expenses of \$152,439 due to a change in the allocation methodology which is cost-neutral at the Town-wide level.

Within Building Services, there was a shortfall in building permit revenues of \$5,144,630 driven largely by a decrease in industrial, commercial and institutional applications and permit issuance through 2025 combined with a small decrease in residential units. This shortfall exceeded the savings realized from staffing and other operating costs, resulting in a lower-than-budgeted transfer to the Building Rate Stabilization Reserve for 2025, with no net impact to the Town's bottom line.

Development Engineering is reporting a deficit of \$156,321. This is primarily related to increased costs of \$336,119 related to performing more work on undeveloped subdivisions than will be recovered through engineering and inspection fees along with lower-than-budgeted recoveries of \$142,716 from these engineering and inspection fees. These pressures are partially offset by \$187,790 in staffing-related savings and \$100,000 in contract savings as well as higher building activity recoveries of \$44,434.

The Administration division has a surplus of \$90,081 largely due to an increase in building reallocated revenue of \$155,852 resulting from a change in allocation methodology with no net impact Town-wide. The remaining variance is attributed to variances associated with higher than budgeted insurance costs and legal costs totaling \$48,102. The recovery of staff time working on capital projects was lower than budget by \$21,533.

Library - \$411,492 Favourable

Library Services is reporting a surplus of \$411,492, largely due to savings of \$172,033 from staff vacancies and savings of \$54,413 in automation equipment maintenance as a result of the Integrated Library System replacement in 2025. The remaining surplus is due to savings in facility and ground maintenance of \$47,707, equipment-data costs of \$27,734 driven by cancelled licenses and better renewal rates, professional development

Appendix 2 - ES-016-26

2025 Operating Variance Commentary By Department

costs of \$21,786, and consultant services of \$15,584, as well as other miscellaneous areas, in addition to increased grant funding of \$55,662.

Hospital - No Net Variance

BIA - \$33,739 Favourable

A favourable variance is primarily due to additional fundraising and donation revenues of \$21,678, along with \$12,035 in staffing savings.