

Appendix 2 - ES-015-24

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 May variance review process are \$940,173 relative to the target of \$1,025,000.

Insurance

As previously reported through CORS-016-23, the Town's insurance policies were renewed for an 18 month period from January 2023 to June 2024. The cost for the first half of 2024 is \$640,811. At the time of this report, staff continue to work through the renewal process with the Town's insurance provider as previously discussed through ES-018-24 Schedule H. The results of the renewal will be reported back to Council following completion of the renewal terms. Any variance to budget in the 2024 cost of insurance will be reported through the September variance report with insurance costs and variances to budget allocated across departments at that time.

Utilities

Utility costs are trending on budget to date. These are areas that are closely monitored by Town staff as any price volatility, combined with changes in consumption, may result in financial impacts as the year progresses.

Variances identified within specific departments are as follows:

Mayor & Council - No projected net variances

Executive Services - \$103,595 Projected Favourable

The Strategic Initiatives and Economic Development and Finance divisions are projecting a net surplus to budget of \$82,130 and \$21,066 respectively, due largely to savings from staff vacancies.

Corporate Services - \$118,249 Projected Favourable

Information Technology is reporting savings of \$197,761. Of this amount, \$146,279 is related to savings from staff vacancies. Savings in purchased services of \$50,000 relates to software annual maintenance as a result of better negotiated rates and change of renewal periods.

Appendix 2 - ES-015-24

2024 Operating Variance Commentary By Department

Human Resources is reporting a deficit of \$811,968. Of this amount \$256,968 relates to the transfer of two positions from the Library to the Town. There is a net zero impact Town wide as an offsetting reallocation of a portion of the tax levy from Library to Town is reported within General Government. The balance of the projected deficit relates to HR related legal matters.

The Legislative and Legal Services is reporting a surplus of \$43,816 related to savings due to staff vacancies. Also reflected as forecast changes are the staffing costs in the amount of \$101,648 associated with the APS expansion program as approved through CORS-011-24, which are offset by a contribution from the Tax Rate Stabilization Reserve as indicated within the same report.

Transit is anticipating a surplus in the amount of \$650,000. This is largely driven by increased GO Transit fare integration subsidies of \$500,000 due to current and projected growth of post-secondary and cross-boundary transit markets, combined with projected savings in fuel of \$150,000. Additional costs of \$250,000 have been included related to the provision of post secondary transit services, along with an offsetting third party recovery.

Fire is projecting a surplus of \$38,639 related to savings in staff vacancies.

General Government - \$683,205 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 May 2024, the Town wide staff gapping savings identified were \$940,173 relative to the target of \$1,025,000.

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 \$3.1 million favourable to budget, with \$2.5 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.

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.

2024 Operating Variance Commentary By Department

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 \$168,651 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 - \$1,515,501 Projected Favourable

Recreation and Culture Facilities is projecting a net surplus to budget of \$235,559. Savings from staff vacancies of \$60,477 are expected. A reallocation of staff positions, with no net impact to the Town's bottom line, is resulting in a further reduction of \$96,355 in salary and benefits within the Recreation and Culture Facilities division. An increase in gym rental revenue of \$60,000 and net increase in grant revenue of \$18,727 is also reflected.

Administration and Civic Facilities is projecting a deficit of \$8,883. Savings from staff vacancies of \$109,199 is being reported. This is offset by an increase in staffing costs of \$154,626 due to a reallocation of staffing from Recreation and Culture Facilities, Programs and Operations with no net impact to the Town's bottom line. Increased project management recoveries from capital in the amount of \$50,543 are forecast. A legal budget of \$14,000 was reallocated from the Development Services Administration Division to Administration and Civic Facilities with no net impact.

Programs is forecasting a favourable variance to budget of \$451,608 which is largely driven by a net revenue increase of \$368,000 due to high demand of programs, particularly in the area of Aquatics. A further \$23,337 of savings is due to a shift in program offerings resulting in adjustments to staffing costs, service agreements, materials and contracts. The remaining variance is largely related to the receipt of \$46,625 in unbudgeted grant funding. A reallocation of staff positions is resulting in a reduction of \$13,646 in salary and benefits within the Programs division, with no net impact to the Town.

Operations is expecting an overall favourable variance of \$466,064. Of this amount, \$318,142 relates to savings in winter maintenance contracts due to a lighter winter season. Partially offsetting this is an expected increase in contract costs of \$156,000 related to guard rail maintenance, vandalism removal and landfill disposal activities trending higher than previous years. A further \$128,900 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. Staff gapping savings of \$124,853 are also being reported. A reallocation of staffing resulted in a reduction of salary and benefits of \$44,625 within the Operations Division with an offsetting increase in the Admin and Civic Facilities and no net impact Town wide. In

2024 Operating Variance Commentary By Department

addition, increased revenues from Halton Region in the amount of \$5,545 are forecast to align with the final region budget.

Infrastructure Management is projecting a \$371,153 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's bottom line. \$73,168 is related to savings due to staff vacancies. Increased fee revenue of \$121,364 relates to 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 - \$327,182 Projected Favourable

Planning Services is expecting a surplus in the amount of \$288,896. Savings due to staff vacancies in the amount of \$240,604 is being reported along with an increase in planning application revenues of \$162,500. Partially offsetting these amounts are increased staffing costs of \$101,808 related to a reallocation of positions from the Infrastructure Management division with no net bottom line impact. A further \$51,685 in staffing costs have been added for an Affordable Housing Project Manager with an offset contribution to capital as approved through report CORS-015-24.

Within Building Services, a decrease in projected building permit revenues of \$175,049 is forecast for 2024, driven largely by a decrease in overall residential unit applications and shift in timing of non-residential applications. However, this is more than offset by savings due to staff vacancies in the amount of \$1.0 million. As a result, there is an expected increase in contribution to the Building Stabilization Reserve this year in the amount of \$786,123. Overall there is no net impact to the Town's bottom line.

Development Engineering is reporting a surplus of \$24,287. An increased revenue of \$99,100 is due to performing more work on building permit activities which are recovered from building permit revenues. A further net \$67,576 in costs have been added as a result of the reallocation of positions from the Infrastructure Management division as referenced above with no net impact to the Town.

The Administration division has a deficit of \$14,000 related to the legal budget reallocation to the Community Services Administration and Civic Facilities division.

Library - \$68,863 Projected Unfavourable

The library is expecting a deficit of \$68,863 which largely relates to a shortfall of \$50,000 in revenue for fees, fine and lost items, combined with increased costs of \$27,405 in contract and insurance to address cyber security.

Appendix 2 - ES-015-24

2024 Operating Variance Commentary By Department

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 - 9,838 Projected Unfavourable

The BIA is expecting to be in a deficit position resulting from a new employee benefit plan implemented of \$8,739 along with an unbudgeted event-related payment of \$3,384. Partially offsetting these amounts are additional revenues received of \$2,285.