



**Report**  
**Staff Report**  
 The Corporation of the City of Brampton  
 10/23/2024

**Date:** 2024-08-19

**Subject:** **2024 Second Quarter Operating Budget Forecast**

**Contact:** Nash Damer, Treasurer, Finance

**Report number:** Corporate Support Services-2024-740

**RECOMMENDATIONS:**

1. That the report from Mark Medeiros, Senior Manager, Financial Planning and Analytics, Finance to the Committee of Council Meeting of October 23, 2024, re: **2024 Second Quarter Operating Budget Forecast**, be received;

**OVERVIEW:**

- **Based on operating results as at June 30, 2024, the Corporation is forecasting a year-end operating deficit of \$4.8 million. This variance represents 0.5% of total budgeted expenditures of \$913 million.**
- **The \$4.8 million deficit is attributed to \$15.7 million in additional revenue, combined with \$2.5 million of labour savings, offset by \$23 million of operational deficits.**

**BACKGROUND:**

The City's financial management policies require staff to provide Council with periodic status updates related to the City's finances. This report is focused on updating Council on the status of the City's 2024 Second Quarter Operating Budget Forecast.

**CURRENT SITUATION:**

2024 Operating Budget

Based on operating results as at June 30, 2024, the Corporation is forecasting a year-end operating deficit of \$4.8 million. This variance represents 0.5% of total budgeted expenditures of \$913 million.

The \$4.8 million deficit is attributed to \$15.7 million in additional revenue, combined with \$2.5 million of labour savings, offset by \$23 million of operational deficits.

CORPORATE-WIDE VARIANCE	2024 Q2
	<b>(\$000s)</b>
Revenue Surplus	15,665
Labour Savings	2,524
Other Expenditures Deficit	(23,016)
<b>FORECASTED YEAR-END DEFICIT</b>	<b>(4,827)</b>

The following tables provide departmental breakdowns of the 2024 Operating Budget forecasted year-end results.

TABLE 1: 2024 DEPARTMENTAL VARIANCE SUMMARY

Q2 2024 YEAR-END ACTUALS				
DEPARTMENTAL VARIANCE	Annual Net Budget	Q2 YE Projection	Variance Favourable/(Unfavourable)	
Departments	(\$000s)			%
Brampton Public Library	21,473	21,473	-	0%
Community Services	90,236	90,236	0	0%
Corporate Support Services	74,949	78,509	(3,559)	-5%
Fire & Emergency Services	91,541	91,541	0	0%
Legislative Services	12,189	13,619	(1,430)	-12%
Mayor & Members Of Council	5,793	5,680	113	2%
Office of the CAO	18,719	18,385	334	2%
Planning, Building & Growth Management	1,375	- 1,787	3,162	230%
Public Works & Engineering	91,058	94,582	(3,524)	-4%
Transit	91,801	74,496	17,305	19%
Gapping	(18,640)	-	(18,640)	100%
<b>DEPARTMENTAL VARIANCE : DEFICIT</b>			<b>(6,239)</b>	
<b>GENERAL GOVERNMENT VARIANCE: SURPLUS</b>			<b>1,413</b>	
<b>FORECASTED YEAR-END DEFICIT</b>			<b>(4,827)</b>	

TABLE 2: DEPARTMENT HIGHLIGHTS

This section provides further breakdown of year-end forecast variance by account category.

Departments	Labour Expenditures	Other Expenditures	Revenues	Variance Favourable/(Unfavourable)
<b>Departments</b>	<b>(\$000s)</b>			
Community Services	(1,763)	(5,049)	6,812	0
Corporate Support Services	1,167	(6,438)	1,712	(3,559)
Fire & Emergency Services	791	(219)	(571)	0
Legislative Services	621	(5,766)	3,715	(1,430)
Mayor & Members Of Council	(265)	377	0	113
Office of the CAO	(542)	(365)	1,240	334
Planning, Building & Growth Management	6,450	(196)	(3,092)	3,162
Public Works & Engineering	1,321	(4,975)	130	(3,524)
Transit	13,636	904	2,765	17,305
General Government	(254)	(1,288)	2,954	1,413
Gapping	(18,640)	0	0	(18,640)
<b>YEAR-END FORECAST</b>	<b>2,524</b>	<b>(23,016)</b>	<b>15,665</b>	<b>(4,827)</b>

### Community Services

Overall, Community Services is projecting to be on budget. There is a forecasted increase of \$6.8 million in revenues which is offset by increases of \$1.8 million in labour and \$5 million in other expenditures.

Recreation division is projecting increased revenues of \$6.5 million primarily due to increased demand for recreation programs offset by cost increases of \$2.0 million in labour and \$4.7 million in other expenditures. The increased program demand has resulted in an increase in part-time staffing as well as higher maintenance and utility due to higher regulatory costs. The addition of the CAA centre has resulted in increased expenditures fully offset by revenues from the center, resulting in a net zero impact to the city.

Parks Maintenance and Forestry division is forecasting to be on budget. There is a projected increase of \$0.7 million in other expenditures mainly due to weather driven park and outdoor maintenance costs, encampment cleanups and park equipment maintenance. The increase in other expenditure is offset by higher revenue and vacancy driven labour savings.

### Corporate Support Services

Corporate Support Services is projecting a minor \$0.1 million in net operational savings. However, these savings are offset by \$3.7 million in higher corporate wide Workers' Safety and Insurance Board (WSIB) costs, resulting in an overall net projected \$3.6 million deficit for the department. Further analysis based on historical WSIB trends is ongoing, with adjustments to be considered in future budgets.

### Fire & Emergency Services

Fire & Emergency Services is projecting to be on budget. There is a projected savings of \$0.8 million in labour due to vacancies, which is fully offset by revenue shortfalls due to a reduction in number of emergency responses and higher than expected equipment maintenance costs.

### Legislative Services

Legislative Services department is projecting a deficit of \$1.4 million. In this projection, there are unbudgeted expenditures of \$4.5 million for the Camera Processing Centre which is fully offset by \$4.5 million in revenues resulting in no impact to the City. The primary drivers of the \$1.4 million deficit are \$2.4 million parking violations shortfall, \$0.9 million in unanticipated insurance expenditures; partially offset by labour savings in Legal Services.

### Office of the CAO

The Office of the CAO's is projecting an overall surplus of \$0.3 million driven by labour and other expenditure savings.

### Planning, Building & Growth Management

Planning, Building & Growth Management is projecting an overall surplus of \$3.2 million, due to \$6.4 million of labour savings driven by challenges in retaining and attracting new talent; partially offset by lower revenue of \$3.1 million.

The Building revenues are projecting to be \$0.8 million overbudget. The projected significant labour savings of \$3.8 million and the rise in permit activity, will result in a decrease draw from the Building Stabilization Reserve.

### Public Works & Engineering

Public Works & Engineering is projecting an unfavorable variance of \$3.5 million. This projection includes \$1.3 million in labour savings, which is offset by \$5 million pressure in other expenditure mainly due to the anticipated overage in winter maintenance as a result of the new contract awarded in mid-2024, incremental security for encampments and fleet maintenance costs.

## Transit

Transit department is projecting a net surplus of \$17.3 million, due to \$2.8 million in additional revenues and \$13.6 million in labour savings as well as \$0.9 million in other expenditures. Transit revenue surplus is based on the overall 2024 ridership increase of 10%, which is approximately 40% higher than the pre-pandemic levels. Labour savings are due to the 2024 gradual hiring of new staff for the approved service growth implementation. Along with other vacancies and absenteeism, Transit is forecasting to realize labour savings of \$20 million which will be offset by higher overtime utilization of \$6.4 million due to continued increase demand for service.

## General Government

General Government is projecting a surplus of \$1.4 million. The interest earned on outstanding taxes is projecting to have a favourable variance of \$2.7 million due to substantial increase in the forecasted year-end taxes receivable, partially offset by lower in-year supplementary tax revenue of \$0.7 million and \$0.4 million increase in insurance cost.

## Gapping

Gapping is a corporate provision in General Government to offset the impact of vacancies savings throughout the Corporation, thereby aligning property tax collections with business requirements. The overall budgeted gapping provision for 2024 is \$18.6 million, which is offset by a favourable variance in labour expenditures of \$21.2 million, resulting in \$2.5 million in labour savings.

## **CORPORATE IMPLICATIONS:**

N/A

## **STRATEGIC FOCUS AREA:**

Government & Leadership: Focusing on service excellence with equity, innovation, efficiency, effectiveness, accountability, and transparency.

## **CONCLUSION:**

As of June 30, 2024, the Corporation is forecasting a year-end operating deficit of \$4.8 million. This variance represents 0.5% of total budgeted expenditures of \$913 million.

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**Attachments:**

- Attachment 1 – Departmental Year-End Forecast Variances