



Report
Staff Report
 The Corporation of the City of Brampton
 11/27/2024

Date: 2024-10-31

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

Contact: Nash Damer, Treasurer, Finance

Report number: Corporate Support Services-2024-950

RECOMMENDATIONS:

1. That the report from Mark Medeiros, Senior Manager, Financial Planning and Analytics, Finance to the Committee of Council Meeting of November 27, 2024, re: **2024 Third Quarter Operating Budget Forecast**, be received;

OVERVIEW:

- **Based on operating results as at September 30, 2024, the Corporation is forecasting a year-end operating deficit of \$0.4 million. This variance represents 0.04% of total budgeted expenditures of \$913 million.**
- **The \$0.4 million deficit is attributed to \$25.7 million in additional revenue offset by \$0.6 million of labour and \$25.5 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 Third Quarter Operating Budget Forecast.

CURRENT SITUATION:

2024 Operating Budget

Based on operating results as at September 30, 2024, the Corporation is forecasting a year-end operating deficit of \$0.4 million. This variance represents 0.04% of total budgeted expenditures of \$913 million.

The \$0.4 million deficit is attributed to \$25.7 million in additional revenue offset by \$0.6 million of labour and \$25.5 million of operational deficits.

CORPORATE-WIDE VARIANCE	2024 Q3 YE FORECAST (\$000s)
Revenue Surplus	25,707
Labour Deficit	(606)
Other Expenditures Deficit	(25,481)
FORECASTED YEAR-END DEFICIT	(381)

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

TABLE 1: 2024 DEPARTMENTAL VARIANCE SUMMARY

Q3 2024 YEAR-END ACTUALS				
DEPARTMENTAL VARIANCE	Annual Net Budget	Q3 YE Projection	Variance Favourable/(Unfavourable)	
Departments	(\$000s)			%
Brampton Public Library	21,473	21,473	-	0%
Community Services	181,777	183,619	(1,842)	-1%
Corporate Support Services	74,949	73,992	957	1%
Legislative Services	12,189	15,947	(3,758)	-31%
Mayor & Members Of Council	5,793	5,610	183	3%
Office of the CAO	18,719	18,716	3	0%
Planning, Building & Growth Management	1,375	2,549	3,924	285%
Public Works & Engineering	91,058	95,869	(4,811)	-5%
Transit	91,801	76,975	14,825	16%
Gapping	(18,640)	-	(18,640)	100%
DEPARTMENTAL VARIANCE : DEFICIT			(9,159)	
GENERAL GOVERNMENT VARIANCE: SURPLUS			8,778	
FORECASTED YEAR-END DEFICIT			(381)	

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)
Departments	(\$000s)			
Community Services	(2,051)	(5,705)	5,914	(1,842)
Corporate Support Services	1,543	(8,398)	7,812	957
Legislative Services	2,111	(5,455)	(414)	(3,758)
Mayor & Members Of Council	(296)	479	0	183
Office of the CAO	(1,122)	(336)	1,461	3
Planning, Building & Growth Management	5,171	(491)	(757)	3,924
Public Works & Engineering	1,195	(5,979)	(27)	(4,811)
Transit	11,577	800	2,448	14,825
General Government	(95)	(396)	9,269	8,778
Gapping	(18,640)	0	0	(18,640)
YEAR-END FORECAST	(606)	(25,481)	25,707	(381)

Community Services

Community Services is projecting an overall deficit of \$1.8 million, primarily due to significant increase in WSIB costs specifically in Fire & Emergency Service division.

Recreation division is projecting increased revenues of \$6.3 million primarily due to increased demand for recreation programs offset by cost increases of \$2.5 million in labour and \$4.9 million in other expenditures. The increased program demand has resulted in an increased in part-time staffing as well as higher maintenance requirement and utility costs due to regulatory cost pressures. 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 \$1.2 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.

Fire & Emergency Services is projecting a deficit of \$1.0 million primarily due to a significant increase in WSIB costs and revenue shortfall due to reduction in emergency responses, partially offset by vacancy driven labour savings.

Corporate Support Services

Corporate Support Services is projecting an overall surplus of \$1.0 million. This projection includes \$1.5 million in labour savings and other expenditure savings of \$0.3 million, which is partially offset by \$1.0 million in additional net expenditures to run key events including Canada Day, Brampton's 50th Birthday and New Year's Eve.

Legislative Services

Legislative Services department is projecting a deficit of \$3.8 million. In this projection, there are unbudgeted expenditure of \$2.4 million and a revenue deficit for the Camera Processing Centre of \$2.7 million which is fully offset by \$5.1 million contribution from Legacy Fund resulting in no impact to the City. The primary drivers of the \$3.8 million deficit are \$3.9 million parking violations and fines revenue shortfall, \$1.7 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 to be on budget. Unfavorable variance in labour and other expenditure is fully offset by revenue surplus.

Planning, Building & Growth Management

Planning, Building & Growth Management is projecting an overall surplus of \$3.9 million, due to \$5.2 million of labour savings driven by challenges in retaining and attracting new talent; partially offset by lower revenues projection of \$0.8 million and higher other expenditure \$0.5 million.

The Building division is projecting higher than anticipated revenues of \$0.8 million driven by rise in permit activity. This along with vacancy driven labour savings projection of \$3.1 million has resulted in reduced draw from the Building Stabilization Reserve, leading to an overall projected deficit of \$0.8 million.

Public Works & Engineering

Public Works & Engineering is projecting an unfavorable variance of \$4.8 million. This projection includes \$1.2 million in labour savings, which is offset by \$6 million pressure in other expenditure mainly due to the anticipated overage in winter maintenance as a result of new contract awarded in mid-2024, incremental security costs for encampments and higher maintenance costs for aging fleet.

Transit

Transit department is projecting a net surplus of \$14.8 million driven by \$11.6 million in labour savings, \$2.4 million in additional revenues and \$0.8 million in other expenditures

savings. 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 \$22 million which will be offset by increased WSIB cost of \$3.6 million and higher overtime utilization of \$6.8 million driven by continued increase in demand for service. Transit revenue surplus is based on the overall 2024 ridership increase which is approximately 40% higher than the pre-pandemic levels.

General Government

General Government is projecting a surplus of \$8.8 million. The interest earned on outstanding taxes is projecting to have a favorable variance of \$6.6 million due to substantial increase in the forecasted year-end taxes receivable as well as a higher than anticipated payment in lieu and supplementary tax projection of \$2.2 million.

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 favorable variance in labour expenditures of \$18 million resulting in \$0.6 million in labour deficit.

CORPORATE IMPLICATIONS:

N/A

STRATEGIC FOCUS AREA:

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

CONCLUSION:

As of September 30, 2024, the Corporation is forecasting a year-end operating deficit of \$0.4 million. This variance represents 0.04% of total budgeted expenditures of \$913 million.

Authored by:

Reviewed by:

Mark Medeiros,
Senior Manager,
Financial Planning and Analytics
Finance

Nash Damer,
Treasurer,
Finance

Approved by:

Approved by:

Alex Milojevic,
Commissioner,
Corporate Support Services

Marlon Kallideen,
Chief Administrative Officer

Attachments:

- Attachment 1 – Departmental Year-End Forecast Variances