



Report
Staff Report
 The Corporation of the City of Brampton
 10/22/2025

Date: 2025-10-14

Subject: **2025 Second Quarter Operating Budget Forecast**

Contact: Mark Medeiros, Chief Budget Officer, Corporate Budget Office

Report number: Corporate Support Services-2025-808

RECOMMENDATIONS:

1. That the report from Mark Medeiros, Chief Budget Officer, Corporate Budget Office to the Committee of Council Meeting of October 22, 2025, re: **2025 Second Quarter Operating Budget Forecast**, be received.

OVERVIEW:

- This report provides Council with an overview of the City's operating results as of June 30, 2025, including a forecast of year-end performance, identification of key drivers contributing to the current variance, and a summary of mitigation actions underway to manage the financial position.
- As of June 30, 2025, the Corporation is projecting a year-end operating deficit of \$19.0 million, representing approximately 1.8% of total budgeted expenditures of \$1.03 billion.
- The projected deficit is primarily driven by the following:
 - Revenue Shortfall of \$17.1 million, mainly from Transit fares, Planning revenues and Parking fines;
 - Labour-related pressures of \$4.0 million, reflecting higher WSIB costs and collective agreement settlement impact; offset by
 - Other expenditure surplus of \$2.1 million primarily due to savings in Transit fuel and PRESTO commissions.
- In accordance with Budget Policy FIN-140, any year-end operating deficit will be funded from the General Rate Stabilization Reserve (GRS).

- **Recognizing revenue challenges and rising cost pressures, the Corporation has implemented several deficit mitigation actions to manage spending and maintain service delivery. On October 7, 2025, the City announced the introduction of a corporate hiring freeze, effective immediately through January 5, 2026, consistent with the Province of Ontario’s own hiring restrictions announcement in late September.**
- **In addition to the hiring freeze, the Corporation has taken further steps to enhance fiscal sustainability, including:**
 - **Aligning services to current demand levels to ensure efficient and cost-effective delivery; and**
 - **Recommending targeted user fee adjustments, where appropriate, to offset rising service costs and maintain financial balance.**
 - **Reduced contribution to Tax funded Capital reserves in line with the Q2 Capital Status Report.**
- **These actions reinforce the City’s ongoing commitment to fiscal discipline, responsible governance, and long-term financial sustainability, while ensuring continued delivery of high-quality services to residents.**
- **Staff continue to monitor the City’s financial position closely and implement mitigation measures as required. The Third Quarter Operating Budget Forecast is currently underway and will be presented to Council in late November, providing an updated outlook and identifying any further required actions to support year-end stabilization.**

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 2025 Second Quarter Operating Budget Forecast.

CURRENT SITUATION:

Based on operating results as at June 30, 2025, the Corporation is forecasting a year-end operating deficit of \$19.0 million. This variance represents 1.8% of total budgeted expenditure of \$1.03 billion.

The projected deficit net of materially significant inter-departmental transfers and revenue funded operations is primarily driven by three factors:

- Revenue Shortfall of \$17.1 million, mainly from Transit fares, Planning revenues and Parking fines;
- Labour-related pressures of \$4.0 million, reflecting higher WSIB costs and collective agreement settlement impact; offset by
- Other expenditure surplus of \$2.1 million primarily due to savings in Transit fuel and PRESTO commissions.

The table below summarizes the gross Q2 forecast and incorporates adjustments for WSIB cost reallocations from Corporate Support Services to Operating Departments along with the non-tax-funded activities of Automated Speed Enforcement (ASE).

CORPORATE-WIDE VARIANCE	2025 Q2 YE FORECAST	ADJUSTMENTS	Q2 YE ADJUSTED VARIANCES
	(\$000s)		
Revenue Deficit	(7,123)	(10,006)	(17,129)
Labour Deficit	(2,733)	(1,251)	(3,984)
Other Expenditures Deficit	(9,183)	11,258	2,075
Total	(19,038)	-	(19,038)

In accordance with Budget Policy FIN-140, any year-end operating deficit will be funded from the General Rate Stabilization Reserve (GRS).

The following tables provide departmental breakdowns of the 2025 Operating Budget forecasted year-end results.

TABLE 1: 2025 DEPARTMENTAL VARIANCE SUMMARY

DEPARTMENTAL VARIANCE	Annual Net Budget	Q2 YE Projection	Variance Favourable/(Unfavourable)	
Departments	(\$000s)			%
Brampton Public Library	22,241	22,241	-	0.0%
Community Services	191,932	190,897	1,035	0.5%
Corporate Support Services	87,317	85,688	1,628	1.9%
Legislative Services	15,359	17,814	(2,455)	-16.0%
Mayor & Members Of Council	5,964	5,702	262	4.4%
Office of the CAO	19,501	18,704	797	4.1%
Planning, Building & Growth Management	1,318	5,987	(4,669)	-354.1%
Public Works & Engineering	100,869	101,420	(551)	-0.5%
Transit	102,476	111,259	(8,783)	-8.6%
Gapping	(21,076)	-	(21,076)	100.0%
DEPARTMENTAL VARIANCE : DEFICIT			(33,812)	
GENERAL GOVERNMENT VARIANCE: SURPLUS			14,773	
FORECASTED YEAR-END DEFICIT			(19,038)	

TABLE 2: DEPARTMENT HIGHLIGHTS

This section provides further breakdown of year-end forecast variance by account category, along with highlighting the specific adjustments for WSIB and ASE.

Departments	Labour Expenditures	Other Expenditures	Revenues	Variance Favourable/(Unfavourable)
	(\$000s)			
Community Services	2,820	(926)	(858)	1,035
<i>Corporate Support Services</i>	642	(4,173)	5,159	1,628
<i>WSIB Adjustment</i>		4,351	(4,351)	0
Corporate Support Services Adjusted	642	179	808	1,628
<i>Legislative Services</i>	4,498	(9,113)	2,160	(2,455)
<i>ASE Adjustment</i>	(1,251)	6,906	(5,655)	0
Legislative Services Adjusted	3,247	(2,207)	(3,495)	(2,455)
Mayor & Members Of Council	(207)	469	0	262
Office of the CAO	(99)	949	(54)	797
Planning, Building & Growth Management	5,813	268	(10,749)	(4,669)
Public Works & Engineering	817	(1,299)	(69)	(551)
Transit	3,835	5,102	(17,720)	(8,783)
General Government	224	(460)	15,009	14,773
Gapping	(21,076)	0	0	(21,076)
YEAR-END FORECAST ADJUSTED	(3,984)	2,075	(17,129)	(19,038)

Community Services

Community Services is projecting an overall surplus of \$1.0 million driven by labour savings of \$2.8 million primarily in Park Maintenance & Forestry and Recreation divisions due to vacancies, partially offset by other expenditure pressures of \$0.9 million and revenue shortfall of \$0.9 million.

Parks Maintenance and Forestry division is projecting a surplus of \$1.7 million mainly due to vacancy driven labour savings and lower than expected grass cutting contract costs.

Recreation division is projecting a deficit of \$0.6 million. There is a projected increase of \$1.6 million in other expenditure partially offset by vacancy driven labour savings of \$1.0 million. The increase in other expenditure is mainly due to higher repair and maintenance costs required to support aging infrastructure, along with increased utility costs.

Corporate Support Services

Corporate Support Services is projecting an overall surplus of \$1.6 million, mainly driven by labour savings due to vacancies and lower IT-related spending. Special events fully funded by reserve transfer did not occur as planned.

Note, the Corporate Support Services forecast has been adjusted to account for inter-departmental transfers for WSIB, which net to zero, as illustrated below.

Corporate Support Services (\$000s)	Labour Expenditures	Other Expenditures	Revenues	Variance Favourable/(Unfavourable)
Corporate Support Services	642	(4,173)	5,159	1,628
WSIB Adjustment	0	4,351	(4,351)	0
Total Corporate Support Services Adjusted	642	179	808	1,628

Legislative Services

Legislative Services excluding ASE is projecting an overall deficit of \$2.5 million. This deficit is driven by revenue shortfall of \$3.5 million mainly due to lower parking violations revenues, higher expenditures of \$2.2 million related to unanticipated insurance and legal costs, which are partially offset by labour savings in Legal Services and Enforcement divisions due to vacancies.

Automated Speed Enforcement is projecting an overall surplus of \$6.9 million, with \$5.6 million due to increased revenues and \$1.3 million due to labour savings. The surplus is projected to be contributed towards the internal loan from Strategic Reserves and results in a total projected repayment of \$13.3 million for 2025.

Note, as the ASE operation is self-funded from speed enforcement revenues and has a net-zero impact to the property tax base, the forecast for Legislative Services has been adjusted, as illustrated below.

Legislative Services (\$000s)	Labour Expenditures	Other Expenditures	Revenues	Variance Favourable/(Unfavourable)
Legislative Services	4,498	(9,113)	2,160	(2,455)
ASE Adjustment	(1,251)	6,906	(5,655)	0
Total Legislative Services Adjusted	3,247	(2,207)	(3,495)	(2,455)

Office of the CAO

The Office of the CAO's is projecting an overall surplus of \$0.8 million mainly driven by savings in professional and consulting expenditures.

Planning, Building & Growth Management

Planning, Building & Growth Management, excluding the Building division, is projecting a deficit of \$5.1 million, driven by revenue shortfall of \$7.6 million, partially offset by labour savings of \$2.3 million due to vacancies and other expenditure savings of \$0.2 million. The revenue shortfall is mainly due to reduced development services fees and lower application volumes, along with the absence of regional recoveries for planning positions.

The Building division is projecting labour savings of \$3.5 million due to vacancies, which will result in a decreased draw from the Building Stabilization Reserve, leading to an overall projected surplus of \$0.4 million

Public Works & Engineering

Public Works & Engineering is projecting a unfavorable variance of \$0.6 million due to overages in other expenditure of \$1.3 million, offset by \$0.8 million in labour savings due to vacancies net of lower capital recoveries.

The unfavorable variance in other expenditures is mainly due to overages in winter maintenance and higher than anticipated streetlight maintenance costs.

Transit

Brampton Transit is projecting a net deficit of \$8.8 million driven by \$17.7 million in revenues shortfall due to reduced ridership resulting from federal government's cap on international study permits and temporary residents, partially offset by \$5.1 million in other expenditure and \$3.8 million in labour savings.

Other expenditure savings are mainly due to reduced fuel cost and lower PRESTO commissions associated with the forecasted revenue shortfall, slightly offset by higher vehicle repair and maintenance costs.

The labour savings are due to the gradual hiring of new staff for the approved 2025 service growth implementation. Along with other vacancies and absenteeism, Transit is forecasting labour savings of \$14.4 million which will be offset by increased WSIB costs of \$4.1 million, and higher overtime utilization of \$ 6.5 million. Included in the forecast

are the impact of deferring 20% of 2025 services increase to next year and increased collective agreement settlement costs than was projected in budget.

General Government

General Government is projecting a surplus of \$14.8 million, due to interest earned on outstanding taxes of \$7.0 million, combined with increased revenue of \$7.2 million from return of tax-based capital funding no longer required.

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 2025 is \$21.1 million. The Q2 forecast indicates actual gapping of \$28.0 million, which is \$6.9 million higher than the budgeted amount. However, unanticipated cost pressures from WSIB of \$4.1 million and collective agreement provisions of \$5.5 million higher than anticipated are resulting in an overall \$2.7 million labour deficit.

Deficit Mitigation Actions

Recognizing revenue challenges and rising cost pressures, the Corporation has implemented several deficit mitigation actions to manage spending and maintain service delivery. On October 7, 2025, the City announced the introduction of a corporate hiring freeze, effective immediately through January 5, 2026, consistent with the Province of Ontario's own hiring restrictions announcement in late September.

In addition to the hiring freeze, the Corporation has taken further steps to enhance fiscal sustainability, including:

- Aligning services to current demand levels to ensure efficient and cost-effective delivery; and
- Recommending targeted user fee adjustments, where appropriate, to offset rising service costs and maintain financial balance.
- Reduced contribution to tax-funded capital reserves in line with the Q2 Capital Status Report, which identified \$7.2 million in tax-based capital funding that is no longer required in 2025.

These actions reinforce the City's ongoing commitment to fiscal discipline, responsible governance, and long-term financial sustainability, while ensuring continued delivery of high-quality services to residents.

Staff continue to monitor the City's financial position closely and implement mitigation measures as required. The Third Quarter Operating Budget Forecast is currently underway and will be presented to Council in late November, providing an updated outlook and identifying any further required actions to support year-end stabilization.

CORPORATE IMPLICATIONS:

N/A

STRATEGIC FOCUS AREA:

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

CONCLUSION:

As at June 30, 2025, the Corporation is forecasting a year-end operating deficit of \$19.0 million. This variance represents 1.8% of total budgeted expenditure of \$1.03 billion. While the current deficit projection is based on the information as at June 30, 2025, the staff will continue to monitor progress and provide an update for Third Quarter Operating Budget Forecast.

Authored by:

Reviewed by:

Mark Medeiros,
Chief Budget Officer,
Corporate Budget Office

Nash Damer,
Treasurer,
Finance

Approved by:

Approved by:

Jason Tamming,
A/Commissioner,
Corporate Support Services

Marlon Kallideen,
Chief Administrative Officer

Attachments:

- Attachment 1 – Departmental Year-End Forecast Variances