



## Report Staff Report

The Corporation of the City of Brampton  
2023/09/20

**Date:** 2023-08-31

**Subject:** 2023 Second Quarter Operating Budget Forecast

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

**Report Number:** Corporate Support Services-2023-765

### Recommendations:

1. That the report from Nash Damer, Treasurer, Finance to the Committee of Council Meeting of September 20<sup>th</sup>, re: **2023 Second Quarter Operating Budget Report**, be received;

### Overview:

- Based on operating results as at June 30, the Corporation is forecasting a year-end operating surplus of \$4.5 million. This variance represents 0.5% of total budgeted expenditures of \$845.0 million.
- The \$4.5 million surplus is attributed to \$2.1 million in additional revenue, combined with \$16.0 million of labour savings, offset by \$13.6 million of operational deficits.
- Specific Operational variances that are deemed materially significant to highlight are a surplus of \$17.1 million in Transit, offset by deficits of \$6.1 million in Human Resources, \$4.3 million in Court Administration, \$1.1 million in Recreation and \$0.8 million in Building

### 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 2023 second quarter operating budget.

## Current Situation:

### 2023 Operating Budget

Based on operating results as at June 30, 2023 the Corporation is forecasting a year-end operating surplus of \$4.5 million. This variance represents 0.5% of total budgeted expenditures of \$845.0 million.

The \$4.5 million surplus is attributed to \$2.1 million in revenue, \$16.0 million in labour, offset by \$13.6 million in other expenditure deficits.

CORPORATE-WIDE VARIANCE	2023 Q2 YE FORECAST
Revenue Surplus	(2,070)
Labour Savings	(16,016)
Other Expenditures Deficit	13,593
<b>FORECASTED YEAR-END SURPLUS</b>	<b>(4,494)</b>

The following tables summarize the 2023 Operating Budget forecasted year-end results, which include a departmental breakdown of the deficits and savings, along with highlighting specific operational variances that are deemed materially significant to the Corporation.

TABLE 1: 2023 DEPARTMENTAL VARIANCE SUMMARY

Q2 2023 YEAR-END ACTUALS				
DEPARTMENTAL VARIANCE	Annual Net Budget	Q2 YE Projection	(Favourable) / Unfavourable Variance	
Departments	(\$000s)			%
Brampton Public Library	20,575	20,575	-	0%
Community Services	84,661	84,360	(302)	0%
Corporate Support Services	68,029	71,797	3,769	6%
Fire & Emergency Services	90,126	86,826	(3,300)	-4%
Legislative Services	11,711	13,234	1,523	13%
Mayor & Members Of Council	5,545	5,334	(212)	-4%
Office of the CAO	17,116	14,940	(2,175)	-13%
Planning, Building & Growth Management	1,851	1,427	(3,278)	-177%
Public Works & Engineering	85,905	85,598	(307)	0%
Transit	91,657	74,600	(17,057)	-19%
Gapping	(18,640)	-	18,640	-100%
DEPARTMENTAL VARIANCE : SURPLUS			(2,700)	
GENERAL GOVERNMENT VARIANCE: SURPLUS			(1,793)	
FORECASTED YEAR-END SURPLUS			(4,494)	
FEDERAL-PROVINCIAL SAFE RESTART - RESERVE CONTRIBUTIONS				
FORECASTED YEAR-END SURPLUS			(4,494)	

TABLE 2: OPERATIONAL VARIANCE HIGHLIGHTS

OPERATIONAL VARIANCE HIGHLIGHTS	YEAR-END PROJECTION
Transit Surplus	(17,057)
Building Deficit	832
Recreation Deficit	1,117
Court Administration Deficit	4,278
Human Resources Deficit	6,146
Other	192
<b>FORECASTED YEAR-END SURPLUS</b>	<b>(4,494)</b>

The Transit department is projecting a net surplus of \$17.1 million driven by \$10.0 million in additional revenues and \$13.0 million in labour savings, offset by \$6.0 million in other expenditure pressures. The projected Transit revenue surplus is based on current ridership trends, which is 30% higher compared to pre-pandemic levels. Labour savings are a result of gapping, which is higher than average due to the March budget approval of annualized new staff. With respect to other expenditures, diesel fuel is forecasted to be higher than budget by \$3 million, assuming the average fuel rate of \$1.32 per litre continues for the remainder of the year vs the budgeted rate of \$1.06 per litre and repair parts and maintenance services are forecasted to be overbudget by \$2 million.

The Building division is forecasting lower than anticipated permit and zoning revenue in the amount of \$4.4 million, offset by labour savings in the amount of \$3.4 million and other expenditures in the amount of \$0.1 million, leading to an overall projected deficit of \$0.8 million.

The Recreation division is seeing incremental improvements in the ability to hire staff across the majority of operational and program areas. While Recreation is currently operating and offering programs at pre-pandemic levels across the majority of program areas, the division is still experiencing a shortage in qualified aquatics staff, thus being unable to provide a full range of aquatic program offerings which is forecasted to result in \$1.1 million in deficit.

The Court Administration division has seen a large decrease in Parking Violations and MTO Plate Denial Revenue resulting in a projected deficit of \$4.3 million. This is primarily due to the elimination of the license plate sticker program, which has resulted

in individuals not being aware of the need to renew plates. As a result, fewer fines are being collected through plate denial. Additionally, there is a lack of judicial resources leading to the closure of courts.

The Human Resources division is projecting a deficit of \$6.1 million, due to significant increases in WSIB claims over the past 3 years. These increases have resulted in the WSIB reserve declining to a negative position of \$3.2 million as of year-end 2022, with a further \$2.9 million deficit forecasted for 2023. Further analysis is currently underway to determine the 2024 budget impact as well as the WSIB reserve fund target balance to address any future potential liabilities.

The balance of the Safe Restart Funding remains unchanged in 2023. There is currently a fulsome review being completed on utilization of the remaining funds. Staff will share the results of the review with Council in a future report.

### **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, the Corporation is forecasting a year-end operating surplus of \$4.5 million. This variance represents 0.5% of total budgeted expenditures of \$845.0 million.

Staff will continue to monitor, analyze and report on the financial performance of the operating budget, with the third quarter and year-end reports remaining for 2023.

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**Attachments:**

- Attachment 1 – Departmental Year-End Forecast Variances