

Appendix A to FIN-11-25

CITY OF BURLINGTON
2024 YEAR END OPERATING BUDGET PERFORMANCE REPORT
VARIANCE ACCOUNTABILITY REPORT

Outlined in the table below are the explanations of the major Year End variance drivers

Major drivers	December 31st Variance	F / (U)	Explanation of Variance
Tax Supported Revenues	\$ 2,646,099	F	
Transit Fare Revenue	\$ 848,827	F	Transit experienced considerable increase in ridership during 2024 resulting in higher than budgeted revenues
Sales Tax Recovery	\$ 775,584	F	The favourable variance is a result of a full HST input tax credit (ITC) received on prior land purchases and ITCs claimed on commercial construction projects.
Registration Fees	\$ 529,514	F	Increased revenue across registered programs, driven by higher participation in all program areas. This growth was particularly noted in specialty programming, aquatics, and adult programs, reflecting the success of continuous improvement efforts. These efforts enhanced program quality and ensured offerings remained desirable and well marketing to customers.
Rental Revenue	\$ 351,062	F	Favourable variance from arena rentals with 2024 marking the first full year without arena debt repayment requirements. Sport fields and gyms also saw revenue growth, primarily driven by user groups growing their programs, which led to higher booking hours. This increase was further supported by the introduction of online booking options, enhancing the customer experience and streamlining the booking process.
Advertising Revenue	\$ 225,804	F	The negotiation of a new contract in Transit resulted in increased advertising revenue opportunities.
Parking Fines	\$ 128,247	F	Favourable variance partially be attributed to increased ticket issuance for Accessible violations, private property violations, no stopping violations & parking on sand/grass on Municipal Property. The latter of these primarily affects Beachway Park in the summer months.
Licences - General	\$ (212,939)	U	The licensing revenue budget was increased in 2024 in anticipation of adding additional staff and capacity to increase the number of businesses licensed. The delay in hiring slowed the process resulting in the variance but staff are on track to meet 2025 budget goals.

Non-Tax Supported Revenues	\$ (1,052,221)	U	
Parking District Revenue	\$ 306,059	F	Parking District revenue exceeded budget due to an increase in parking fees and volumes. This allowed for an increased provision to the Parking District Reserve Fund.
Provision to Reserve Fund - Parking District	\$ (729,099)	U	
Planning Fee Revenue	\$ (1,390,951)	U	The unfavourable variance for the Planning Revenues can be attributed to market conditions which have been characterized by relatively high interest rates, slow new home sales and stable home sales prices. As a result, the City has seen lower than average application volumes for larger development applications like Official Plan and Zoning By-law Amendments as well as Site Plan applications. Despite lower volumes and revenues in these categories, in 2024 there were high pre-consultation volumes which could suggest that there are proponents waiting for improved market conditions to submit formal applications, but that interest remains high. Also reflective of the current state of the market, application volumes for smaller scale applications such as improvements to single family homes, including the creation of Addition Residential Units were higher than average, indicating that people are investing in their current homes rather than moving. Planning Fee Revenue losses were offset by a draw from the Planning Fee Stabilization Reserve Fund.
Draw from the Planning Fee Reserve Fund	\$ 1,390,951	F	
Building Permit Revenue	\$ (2,590,511)	U	The Building department experienced a significant decline in large scale building permit applications, largely due to a combination of higher lending rates, increased construction costs, and market uncertainty. These factors created a challenging environment for developers, resulting in fewer building permit applications, which impacted overall building permit revenue generation. In addition building permit fee indexation was delayed and only indexed at a rate of 3% in an endeavor to offset increased fees. The financial disparity between the actual operating costs and indexation led to a loss of revenue of over \$1,000,000. The current building permit fees no longer adequately cover or offset the increase in operational costs, leaving the department with a shortfall that necessitates reliance on the reserve fund. Building Revenue losses were partially offset by a draw from the Building Permit Stabilization Reserve Fund and savings in operational expenses as per the Bill 124 Model.
Draw from the Building Fee Reserve Fund	\$ 1,961,330	F	
Grants	\$ (675,000)	U	Costs related to the City of Burlington's Flood Relief Grant program to help residents during the July 2024 Flood. These costs were offset by funding from Severe Weather Reserve Fund
Recovery from Reserve Fund	\$ 675,000	F	
Investment Income	\$ 2,503,043	F	A rising interest rate environment that started in 2022 and continued through the first quarter of 2024 has enabled staff to leverage short term investments at a higher interest rate leading to a favourable variance in 2024. The surplus investment income was allocated to identified Reserve Funds as per the Interest Allocation Policy.
Provision to Tax Rate Stabilization Reserve Fund	\$ (1,126,521)	U	
Provision to Infrastructure Renewal Reserve Fund	\$ (1,126,521)	U	
Provision to Green Initiatives Reserve Fund	\$ (250,000)	U	

Other Operational Impacts	\$ (2,283,016)	U	
Human Resource costs	\$ 1,953,592	F	Gapping savings realized from the full year cost of vacant new positions approved in the 2024 Budget and other temporary vacancies. These savings were partially offset with higher than budgeted overtime costs in Transit and Fire.
Comodities	\$ (485,192)	U	Unfavourable variance in comodities due to high diesel primariliy impacting Transit was partially offset by savings in Hydro and Natural Gas in Recreation, Community and Culture due to the continued construction at Bateman Community Centre.
Equipment Parts and Supplies	\$ (1,164,046)	U	Increase in overall Transit fleet size as well as aging of the fleet contributed in high costs for Equipment Parts and Supplies. Additioanlly a sharp rise in the cost of vehicle parts has contributed to the unfavourable variance. This has been a consistent trend for the last several years.
Materials & Supplies	\$ (334,466)	U	Within Traffic Operations, there was a shift to contractor signal maintenance services, additional materials were purchased to support operations under the new contractor services model. The costs are partially offset with savings as non critical signal work was suspended temporarily. The Transportation Department also performed more than anticipated work for others, resulting in additional costs for materials. These costs are fully recovered from the Region.
Contracted Services	\$ (1,143,818)	U	This unfavorable variance is attributable to roadway tree maintenance (\$380K UF) as the result of non-storm related reactive maintenance. This is risk related required work that is received via service requests. Depending on the scope, the work is contracted out due to requirements for specialized equipment or training (e.g. cranes, proximity to hydro). Tree maintenance in parks was also \$181K overbudget in this category as a result of a combination of reactive maintenance costs and additional spending on tree planting. These increased tree planting expenses were partially offset by a contribution from the tree establishment and enhancement reserve. Lastly, Urban Forestry incurred approximately \$335K of additional costs due to flood clean up. Traffic operations were also overspent in Contracted Services; which was primarily due increased costs for the repainting all pavement markings within the city. This extensive project is necessary to ensure compliance with current safety standards and industry's best practices. Lastly, Streetlighting incurred higher than expected costs due to additional unplanned repairs. These expenditures were required to adhere to minimum maintenance and safety standards. The Transportation Department did have savings in contracted services within Traffic Signal Maintenance as they paused non essential work during the shift to using contractors for signal maintenance.
Professional Consulting	\$ (452,116)	U	The unfavourable variance was driven by two unplanned expenses in Burlington Digital Services; Microsoft unified support for \$61,500 and due to post go live Workday consulting support for \$285,500. These are now at least partially budgeted for in the 2025 base budget.
Building Maintenance and Repair	\$ (709,283)	U	Greater facility usage in Recreation, Community and Culture led to higher maintenance costs. In addition, costs were incurred for system upgrades, and security enhancements, including swipe pass upgrades necessary for the Workday implementation. Recreation, Community and Culture is in year 4 of 7 of implementing the preventative maintenance key investment, which aims to enhance long term asset management and operational efficiency. Once fully implemented, this initiative is expected to reduce maintenance-related variances.
Licence & Permit Fees	\$ (144,244)	U	Unfavourable variance related to costs for Flood Prevention Fee Subsidy Program
Rental - Vehicles & Equipment	\$ (143,283)	U	The variance is due to over expenditures for rental vehicles for the in-house road sweeping program which is offset by reduced need for road sweeping contractors.
Rebates	\$ 220,201	F	Property tax related rebates were lower than anticipated.
Other - various	\$ 119,639	F	Various other minor miscellaneous expenses across a variety of services

Corporate Revenues	\$ 2,182,273		
Payments in Lieu of Taxes	\$ 372,721	F	Favourable variance reflects increase in facilities and assets requiring payments in lieu of taxes
Penalty and Interest on Taxes	\$ 1,305,691	F	Higher than anticipated penalty and interest on taxes were realized in 2024
Supplementary Taxes	\$ 503,861	F	The city realized higher than anticipated supplementary taxes for current and previous years primarily due to new residential condo developments
Year End Position	\$ 1,493,135		