Appendix 2 - Variance Analysis

What does Niagara Transit Commission do?

Niagara Transit is responsible for the operation, management, and maintenance of Niagara's comprehensive regional transit system. The Niagara Transit Commission (NTC) has the sole responsibility for transit operations within the Niagara Region.

Variance Analysis (in thousands of dollars)

The NTC operated with a year-end surplus after indirect allocations of $1,541 due to the following factors:

Labour Related Costs – The unfavourable year-to-date variance of $4,166 due to greater than budgeted actual benefits for unionized staff, higher than budgeted overtime, a settlement related to collective bargaining and an adjustment to record the prior year actual benefit deficit identified by the provider.

Administrative – The favourable year-to-date variance of $2,702 is attributable to the timing of spend related to consulting and branding projects totaling $1,494 which have been encumbered at the end of the 2024 year and included in the transfers to reserves variance below. There was savings related to the timing of the zero emissions consulting costs which are offset in federal variances below of $340. There was additional advertising and marketing budget unspent at the end of the year due to the timing of the rebranding of $319; charter costs budgeted in administration but actuals in labour of $100 and other legal and professional costs of $446 not required at the end of 2024.

Operational & Supply – The favourable year-end variance of $865 is largely driven to the timing of the comingled specialized service contract of $836 which began July 1, 2024 which is slightly offset by higher than budgeted program supplies required in fleet and maintenance for storage & supplies.

Equipment, Vehicles, Technology - The favourable year-end variance of $766 are mainly attributable to less than budgeted fuel costs due to the budgeted actual average cost per litre based on our contract being less than the budget cost per litre of $474. In addition, NTC upgraded their fuel system in Niagara Falls and during the upgrade halted refilling by the City of Niagara Falls to minimize transactions and impact on upgrade of $831. The favourable variance in fuel relating to Niagara Falls is offset in less than budgeted revenues below in "other Revenue". The favourable variance in Equipment, vehicles and technology is offset by incremental costs related to vehicle parts and repairs of $292 and tires of $127 due to the aging fleet.

Financial Expenditures – The unfavourable year-end variance of $175 is mainly related to unbudgeted tax write-offs identified by the local area municipalities due to changes in assessments.

Taxation – The favourable year-end variance of $1,686 is related to unbudgeted transit special levy supplemental tax revenues collected by the local area municipalities as a result of changes in assessments from growth in the Region.

Federal & Provincial Grants – The unfavourable year-end variance of $268 relates to the timing of spend and corresponding matching of revenues related to the administrative costs for the zero emissions consulting for ICIP-NIR-07.

By-Law Charges & Sales – The favourable year-end variance of $3,725 is due to higher than anticipated fare revenue of $3,366 and summer service with Brock University and additional pass sales at Brock and Niagara College of $298.

Other Revenue – The unfavourable year-end variance of $2,504 is mainly due to the strategy to not recognize the budgeted Provincial Gas Tax revenue of $1,614 as NTC is in a year-end surplus position. The unrecognized Provincial Gas Tax will be available for future Capital and/or Operating use. In addition, there was less than budgeted fuel reimbursement revenue from the City of Niagara Falls of $831 resulting in decreased fuel costs within 'Equipment, Vehicles, Technology' as noted above and less than budgeted WEGO revenue due to adjustment of service with the contract ending September 2024 of $319. This is partially offset by greater than budgeted advertising revenues of $356.

Indirect Allocations – The favourable year-end variance of $441 is mainly due to less than expected costs related to insurance premiums, self-insurance claims and facility maintenance related costs due to vacant positions.