



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2018-May-01

SUBJECT: Financial Report for the Period Ending March 31, 2018

RECOMMENDATION:

That the financial report for the period ending March 31, 2018 be received for information.

INTRODUCTION:

This report provides current year end financial performance information for the Edmonton Police Service (EPS) for the period ending March 31, 2018.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending March 31, 2018 indicate a net deficit position of \$0.765 million or 0.9% mainly due to an overspend in personnel of \$1.952 million, offset by a surplus in revenue of \$0.675 million, and an underspend in non-personnel of \$0.512 million.

The main cause of the over budget position in personnel costs is a result of being over strength, higher part time costs to transition the civilianizing of Police Communication Branch staffing (partially offset by 911 grant revenues), greater Secondments (offset by revenues), and increased cost of benefits. The year to date trend is expected to continue to year end.

The surplus in revenue is a result of greater Secondments (offset by increased personnel costs). The year to date trend is expected to continue to year end, offset by lower Traffic Safety Act fine revenues.

The under budget position in non-personnel costs is primarily due to the timing of purchases. A one-time underspend in Facilities has been identified as the Northwest Campus will not be operational until 2019. This projection is being offset by costs associated with the legalization of cannabis.

Capital Results

2018 is the fourth and final year for the Capital budget cycle (2015 to 2018) and the results indicate a significant under spend primarily due to the Northwest Campus (land and construction) and various other projects.

CONCLUSION:

Based on the operating results to the end of March and the explanations attached, the year-end forecast indicates that the EPS may be \$4.157 million or 1.2% over budget primarily due to being over strength, higher part time costs to transition the civilianizing of Police Communication Branch and lower Traffic Safety Act fine revenues.

ADDITIONAL INFORMATION ATTACHED:

Operating:

- I Budget Variance by Major Category of Revenue & Expenditures
- II Overtime by Bureau

Capital:

- III Capital Budget Performance

Written by: Robert DAVIDSON, Director, Finance Management Branch



Reviewed by: Jodie GRAHAM, Executive Director, Business Development Division



Approved by: Linda REVELL, Chief Administrative Officer, Corporate Services
Bureau



Chief of Police:



Kevin Brezinski
Acting Chief of Police



Date:

2018 May 4

Edmonton Police Service
Budget Variance by Major Category of Revenues & Expenditures
For the Period Ending March 31, 2018
(\$000's)

| | Current Period | | | | 2017 Year to Date | | | | 2018 Year to Date | | | | Year End Forecast | | | |
|--|------------------|------------------|-----------------|---------------|-------------------|------------------|-----------------|--------------|-------------------|------------------|-----------------|--------------|-------------------|-------------------|-------------------|--------------|
| | Budget | Actual | Variance | % | Budget | Actual | Variance | % | Budget | Actual | Variance | % | Budget | Projected | Variance | % |
| Revenue | | | | | | | | | | | | | | | | |
| Traffic Safety Act Fines (Note 1) | \$ 1 418 | \$ 1 267 | \$ (151) | -10.6% | \$ 3 235 | \$ 3 494 | \$ 259 | 8.0% | \$ 3 249 | \$ 3 321 | \$ 72 | 2.2% | \$ 15 352 | \$ 13 564 | \$ (1 788) | -11.6% |
| Transfer to COE General Revenues | - | - | - | | - | (259) | (259) | | - | - | - | | - | - | - | |
| Transfer from Reserve (OTS) (Note 2) | 5 573 | 5 573 | - | 0.0% | 5 573 | 5 573 | - | 0.0% | 5 573 | 5 573 | - | 0.0% | 22 292 | 22 292 | - | 0.0% |
| Provincial Grants (Note 3) | 2 885 | 2 929 | 44 | 1.5% | 3 328 | 4 398 | 1 070 | 32.2% | 3 537 | 3 426 | (111) | -3.1% | 28 846 | 28 772 | (74) | -0.3% |
| Other Revenue (Notes 4 and 12) | 2 332 | 2 655 | 323 | 13.9% | 6 767 | 7 191 | 424 | 6.3% | 7 218 | 7 932 | 714 | 9.9% | 29 491 | 31 433 | 1 942 | 6.6% |
| Total Revenue | 12 208 | 12 424 | 216 | 1.8% | 18 903 | 20 397 | 1 494 | 7.9% | 19 577 | 20 252 | 675 | 3.4% | 95 981 | 96 061 | 80 | 0.1% |
| Expenditures | | | | | | | | | | | | | | | | |
| Personnel | | | | | | | | | | | | | | | | |
| Salary and benefits (Note 5) | 30 368 | 28 097 | 2 271 | 7.5% | 83 665 | 85 315 | (1 650) | -2.0% | 86 418 | 88 274 | (1 856) | -2.1% | 342 598 | 349 995 | (7 397) | -2.2% |
| EPS Overtime (Note 6a) | 806 | 583 | 223 | 27.7% | 2 525 | 2 064 | 461 | 18.3% | 2 323 | 2 366 | (43) | -1.9% | 11 166 | 10 315 | 851 | 7.6% |
| External Overtime (Note 6b) | 38 | 109 | (71) | -186.8% | 115 | 79 | 36 | 31.3% | 115 | 168 | (53) | -46.1% | 460 | 675 | (215) | -46.7% |
| | 31 212 | 28 789 | 2 423 | 7.8% | 86 305 | 87 458 | (1 153) | -1.3% | 88 856 | 90 808 | (1 952) | -2.2% | 354 224 | 360 985 | (6 761) | -1.9% |
| Non-Personnel | | | | | | | | | | | | | | | | |
| Furniture, equipment, IT, materials and supplies (Note 7) | 570 | 993 | (423) | -74.2% | 4 142 | 3 245 | 897 | 21.7% | 3 408 | 3 337 | 71 | 2.1% | 15 143 | 15 282 | (139) | -0.9% |
| Contracts and services (Note 8) | 1 525 | 1 933 | (408) | -26.8% | 4 201 | 4 085 | 116 | 2.8% | 4 415 | 4 817 | (402) | -9.1% | 18 837 | 20 576 | (1 739) | -9.2% |
| Vehicles (Note 9) | 661 | 693 | (32) | -4.8% | 1 888 | 1 799 | 89 | 4.7% | 1 834 | 1 853 | (19) | -1.0% | 7 771 | 7 744 | 27 | 0.3% |
| Facilities (Note 10) | 1 531 | 1 279 | 252 | 16.5% | 3 985 | 3 229 | 756 | 19.0% | 4 251 | 3 623 | 628 | 14.8% | 20 718 | 18 765 | 1 953 | 9.4% |
| Other Expenditures (Note 11) | 203 | 192 | 11 | 5.4% | 652 | 451 | 201 | 30.8% | 646 | 412 | 234 | 36.2% | 4 379 | 5 275 | (896) | -20.5% |
| | 4 490 | 5 090 | (600) | -13.4% | 14 868 | 12 809 | 2 059 | 13.8% | 14 554 | 14 042 | 512 | 3.5% | 66 848 | 67 642 | (794) | -1.2% |
| Total Expenditures (Note 13) | 35 702 | 33 879 | 1 823 | 5.1% | 101 173 | 100 267 | 906 | 0.9% | 103 410 | 104 850 | (1 440) | -1.4% | 421 072 | 428 627 | (7 555) | -1.8% |
| Position before Adjustments | 23 494 | 21 455 | 2 039 | 8.7% | 82 270 | 79 870 | 2 400 | 2.9% | 83 833 | 84 598 | (765) | -0.9% | 325 091 | 332 566 | (7 475) | -2.3% |
| Tangible Capital Assets Budget adjustment (Note 14) | | | | | | | | | | | | | 9 623 | 9 623 | - | 0.0% |
| Net Position | \$ 23 494 | \$ 21 455 | \$ 2 039 | 8.7% | \$ 82 270 | \$ 79 870 | \$ 2 400 | 2.9% | \$ 83 833 | \$ 84 598 | \$ (765) | -0.9% | \$ 334 714 | \$ 342 189 | \$ (7 475) | -2.2% |

Spring Operating Budget Adjustments (SOBA) Approved on April 10, 2018:

| | |
|----------------------------|----------|
| Annexation Impacts | \$ 1 929 |
| Cannabis Legalization | 1 433 |
| Accommodation Requirements | 178 |
| Secondments | (222) |

\$ 338 032 \$ 342 189 \$ (4 157) -1.2%

Edmonton Police Service**Explanation of Variances by Major Category of Expenditures and Revenues – Notes****For the Period Ended March 31st 2018****1. Traffic Safety Act (TSA) Fines Revenue**

Year to Date – Slightly over budget as a result of a cash flow.

Forecast – Significantly under budget, projecting year to date trend of 95.07% compared to last year's actuals.

2. Transfer from Reserve - Office of Traffic Safety (OTS)

Year to Date – Quarterly transfers from the OTS, with the first payment received in March.

Forecast – No variance is expected.

3. Provincial Grants

Year to Date – There has been less E911 Grant and Victim Services Grant revenue recognized year to date, offset by lower non-personnel expenses.

Forecast – Lower recognition of E911 Grant is expected to year end.

4. Other Revenue

Year to Date – The over budget position is primarily due to greater overall Secondment recoveries due to over staffed ALERT (offset by greater personnel costs), and greater School Resource Officer recoveries.

Forecast – Same as for the year to date.

5. Salary and Benefits

Year to date – Over budget as a result of being over strength, higher part time costs in Police Communication Branch to transition staffing, greater Secondments (offset by revenues), and increased cost of benefits.

Forecast – Same as for the year to date.

The sworn member attrition position for the first three months of the year is:

| Attrition | March | March YTD | Full Year |
|-----------------------------|-------|-----------|-----------|
| Original Projection | 8 | 16 | 70 |
| Actual & Updated Projection | 8 | 16 | 70 |

As of April 19, 2018, nine sworn members have tendered their resignation, and seventeen announced their retirement for an attrition total of twenty-six. Of these, sixteen were no longer on the payroll as of March 31, 2018.

6a. EPS Overtime

Year to date – Slightly overspend as a result of 2018 Mandatory Fit testing service wide, centrally captured in DEOPS.

Forecast – Underspend primarily due to funds not needed to support NHL Playoffs.

6b. External Overtime

Year to date – Over budget (offset by greater recoveries) due to overstaffed ALERT.

Forecast – Same as the year to date.

7. Furniture, Equipment, IT, Materials and Supplies

Year to date – Slightly under budget due to the timing of expenses.

Forecast – An over spend is projected mainly due to the one-time purchases associated with the legalization of cannabis, pending allocation of approved Spring Operating Budget Adjustment (SOBA).

8. Contracts & Services

Year to date – Over budget due to higher snow removal cost, and APATS Grant (offset by Revenue).

Forecast – Same as the year to date, plus one-time operating purchases identified through priority unfunded initiatives, such as Community Initiative Fund. This will be offset by underspend in Facilities.

9. Vehicle Costs

Year to date – Slightly over budget.

Forecast – Slightly under budget.

10. Facilities

Year to Date – Under budget due to Northwest Campus not being operation until 2019 and lower than expected utility, custodial and maintenance costs.

Forecast – Same as the year to date, offset by costs charged to other budget categories (other expenditures).

11. Other Expenditures

Year to Date – Under budget primarily as a result of the timing on travel & training.

Forecast – Over budget as a result of various facility, renovation and leasing allocations being charged to City's inter-departmental category instead of facilities where budget exists, and costs associated with legalization of cannabis, pending allocation of approved SOBA.

12. Other Revenue

Other Revenue includes revenue received from other City of Edmonton departments for Extra Duty policing.

13. Accruals

The total Operating non-personnel accruals for March amounted to \$1.1 million (rounded).

14. Tangible Capital Assets

Budget held to cover capital qualifying expenses for projects such as vehicles.

Edmonton Police Service

Overtime by Bureau

For the Period Ending March 31, 2018
(000's)

| Bureau | 2017 Actual | Year to Date | | | | | Year End Forecast | | | |
|--|-----------------|-----------------|-----------------|----------------|------------|--|-------------------|------------------|---------------|-----------|
| | | Budget | Actual | Variance | Var % | | Annual Budget | Projection | Variance | Var % |
| Police Commission | \$ 1 | \$ 2 | \$ - | \$ 2 | 100% | | \$ 10 | 10 | \$ - | 0% |
| Office of the Chief (Note 1) | 49 | 55 | \$ 24 | 31 | 56% | | 221 | 220 | 1 | 0% |
| Corporate Services Bureau (Note 2) | 112 | 167 | \$ 173 | (6) | -4% | | 755 | 749 | 6 | 1% |
| Community Policing Bureau North (Note 3) | 526 | 580 | \$ 631 | (51) | -9% | | 2 838 | 2 740 | 98 | 3% |
| Community Policing Bureau South (Note 4) | 776 | 909 | \$ 1 159 | (250) | -28% | | 4 303 | 4 347 | (44) | -1% |
| Intelligence and Investigation Bureau (Note 5) | 600 | 610 | 379 | 231 | 38% | | 2 439 | 2 249 | 190 | 8% |
| NHL Playoffs | - | - | - | - | - | | 600 | - | 600 | 100% |
| Total EPS Expenditures | \$ 2 064 | \$ 2 323 | \$ 2 366 | \$ (43) | -2% | | \$ 11 166 | \$ 10 315 | \$ 851 | 8% |
| External Overtime (Note 6) | 79 | 115 | \$ 168 | (53) | -46% | | 460 | 675 | (215) | -47% |
| Total Overtime Expenditures | \$ 2 143 | \$ 2 438 | \$ 2 534 | \$ (96) | -4% | | \$ 11 626 | \$ 10 990 | \$ 636 | 5% |

Edmonton Police Service**Explanation of Overtime Variances by Responsibility Area - Notes****For the Period Ended March 31st 2018****1 Office of the Chief**

Year to date – Under budget as a result of timing of events for the Pipe Band and EPS Chorus to date.

Forecast – On budget.

2 Corporate Services Bureau

Year to date – Slightly over budget.

Forecast – Slightly over budget.

3 Community Policing Bureau North

Year to Date – Over budget as a result of late 2017 CARM entries.

Forecast – Under budget as a result of overtime management in Investigation Management and Approval Centre.

4 Community Policing Bureau South

Year to Date – Over budget as a result of late 2017 CARM entries, 2018 Mandatory Fit testing service wide, centrally captured in DEOPS, and increased Level II incidents.

Forecast – Slightly over budget.

5 Intelligence and Investigation Bureau

Year to Date – Under budget as a result of lower than anticipated number homicide and robbery investigations.

Forecast – Same as the year to date.

6 Secondments/Recoverable

Year to date – Over budget (offset by greater recoveries) due to overstaffed ALERT.

Forecast – Same as for the year to date.

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending March 31, 2018
(000's)

ATTACHMENT III

| Projects | 2018 Budget (including Carry Forwards) | 2018 Actual Expenditures | Commitments * | 2018 Funds Available | % Substantial Completion |
|---|---|-------------------------------------|----------------------|---------------------------------|-------------------------------------|
| Police IT Systems (see Note 1) | 9 679 | 1 213 | 4 746 | 3 720 | Note 11 |
| Telecommunications Life Cycle (see Note 2) | 4 268 | 13 | 15 | 4 240 | Note 11 |
| Radio Life Cycle (see Note 3) | 93 | - | - | 93 | 0% |
| Northwest Campus (see Note 4) | 44 100 | 5 555 | 30 555 | 7 990 | 82% |
| Helicopter Replacement - single engine (see Note 5) | 381 | 7 | 111 | 263 | 31% |
| Public Safety Radio Network (see Note 6) | 3 886 | 94 | 371 | 3 421 | 12% |
| Digital Asset Management System (see Note 7) | 4 864 | 1 807 | 1 253 | 1 804 | 63% |
| Vehicles (see Note 8) | 9 254 | 2 370 | 3 967 | 2 917 | Note 11 |
| Security Equipment Lifecycle (see Note 9) | 729 | 138 | 441 | 150 | Note 11 |
| Specialized Police Equipment (see Note 10) | 2 055 | 134 | 641 | 1 280 | Note 11 |
| TOTAL | 79 309 | 11 331 | 42 100 | 25 878 | |

* Commitments include purchase orders and/or contractual agreements.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended March 31, 2018

1 Police IT Systems

Year to Date

The following projects are in progress:

Infrastructure

- Divisional Corporate WIFI
- Infrastructure Lifecycle 2018
- Infrastructure Software
- Mobile Workstations (MWS) Lifecycle 2018

Applications

- Computer Aided Dispatch (CAD) 9.4 Upgrade
- The Edmonton Police Reporting and Occurrence System (EPROS) Upgrade 2016
- EPROS Org Change Updates
- Sitecore Upgrade
- e-Ticketing
- Source Management / Witness Protection (SMWP)
- Police Information Check Section (PICS) Upgrade
- Team Foundation Server (TFS) & Top Team Upgrade
- Data Manager Retirement
- iReporter Assessment & Maintenance
- EPROS Photo Line-Up System (EPLUS) Upgrade
- EPROS Mugshot (EMUGS) Upgrade
- EPROS Admin Upgrades
- Niche Lifecycle Upgrade
- Data Quality
- EPS Websites Upgrade
- Operations and Intelligence Command Centre (OICC) Situational Awareness

Forecast

Infrastructure

- Infrastructure Software project is in the chartering phase.
- MWS Lifecycle project expenditures will take place in Q3.

Current projections indicate the remaining budget will be expended by year end.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended March 31, 2018

Applications

The following projects were completed in Quarter 1:

- Mobile Responder
- ANI/ALI
- iBase Enhancements

The Team Foundation Server (TFS) project will be completed in Quarter 2 of 2018:

Current projections indicate that \$882K may be carried forward to 2019 to complete the remaining projects.

2 Telecommunications Lifecycle Replacement**Year to Date**

The Polycom Lifecycle Replacement project is in progress.

Forecast

Current projections indicate that the Polycom Lifecycle Replacement project will be complete by yearend.

The Police Dispatch 911 telephone replacement project is in the Technology Investment Request (TIR) process and budget of \$3,605K may be carried forward to 2019.

3 Radio Lifecycle Replacement**Year to Date**

The project is 95% complete. All radio equipment has been upgraded except for the audio recording solution which was delayed with the Request for Proposal (RFP).

Forecast

The audio recording solution agreement is targeted to be complete in Q2 2018 and current projections indicate the remaining budget will be expended by year end.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended March 31, 2018

4 Northwest Campus**Year to Date**

The expenditures in the first quarter are for the design consultant costs, City of Edmonton (COE) project management charges, and construction.

Forecast

Construction is expected to be completed during late Q3 2018 with fit-up beginning in Q4 2018 and continuing into 2019. EPS occupancy is expected to take place in Q2 or Q3 of 2019. The land cost is expected to be recorded in 2018. It is projected that budget of \$1,400K may need to be carried forward to 2019 for remaining construction project costs and equipment and fit-up charges. These estimates and charges are provided by the consultants and staff of Integrated Infrastructure Services (IIS) of COE.

5 Helicopter Replacement – single engine**Forecast**

The camera upgrade is expected to be delivered in Q2 2018.

Approval has been received from the COE to sell the engine from the old Air 1 helicopter and the sale is in progress.

Projections indicate that the project may be underspent by \$570K. After the camera upgrade has been completed and the sale proceeds realized, budget may be released to the COE.

6 Public Safety Radio Network**Year to Date**

The project is 76% complete with three major milestones achieved; compliance verification with Alberta First Responder Radio Communications System (AFRRCS), new radio environments implemented, and dispatch operations cutover.

Forecast

EPS radios will transition to the new AFRRCS environment during Q1 to Q3. Extended coverage will be initiated in Q2 for the EPS facilities and LRT tunnels with a forecast completion of Q2 2019. Current projections indicate \$1,085K may be carried forward to 2019.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended March 31, 2018

7 Digital Asset Management System (DAMS)**Year to Date**

The installation of software into three of four environments is in progress. There were delays obtaining access to the server and storage environments that has affected the schedule.

Forecast

It is estimated that 80% to 90% of the project will be complete by yearend and \$825K of remaining budget may be carried forward to 2019.

8 Vehicles**Year to Date**

9 Marked and 25 Unmarked vehicles were put into service in Quarter 1. In addition, 18 marked, 28 unmarked and 3 covert vehicles have been delivered.

Forecast

Current projections indicate the remaining budget will be expended by year end.

9 Security Equipment Lifecycle**Year to Date**

The year to date expenditures include the preliminary equipment purchases and installation for the facilities (eg. PHQ, West Div, NE Div) targeted for completion in 2018.

Forecast

It is expected that the remaining budget will be spent by yearend.

10 Specialized Police Equipment**Year to Date**

The expenditures to date include the installation of equipment in Air 2 and the purchase of a server.

11 Composite Projects – Completion Status

Police IT Systems, Telecommunications Equipment, Vehicles, Security Equipment Lifecycle and Specialized Equipment contain multiple sub-projects within the total project, and each sub-project is at different stages of completion.