



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2018-February-08

SUBJECT: Financial Report for the Period Ending December 31, 2017

RECOMMENDATION:

That the financial report for the period ending December 31, 2017 be received for information.

INTRODUCTION:

This report provides current year end financial performance information for the Edmonton Police Service (EPS) for the period ending December 31, 2017.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending December 31, 2017 indicate a net deficit position of \$2.638 million or 0.8% mainly due to an overspend in non-personnel costs of \$5.987 million, and an overspend in personnel costs of \$0.146 million, offset by a surplus in revenue of \$3.495 million.

Non-personnel budgets are overspent due to various one-time purchases identified through priority unfunded initiatives.

The over budget position in personnel costs is primarily due to costs associated with Rounds 1 and 2 of Stanley Cup Playoffs, offset by lower need for overtime in Community Policing, Police Communication, fewer Traffic collisions causing major injury, and less overtime required in Major and Serious Crimes Branches.

The surplus in revenue is primarily due to ongoing recognition of E911 Grant revenues (offset by personnel expenses), retroactive (third and fourth quarters of 2016) 911 Operators expenses as supported by Alberta Emergency Management Agency, increased fees and greater volume of Police Information Checks (PIC), greater secondment recoveries, and the recognition of revenue associated with EPS 125 events and other miscellaneous donations (offset by non-personnel expenses). This is being offset by lower than budgeted Traffic Safety Act revenues.

Capital Results

2017 is the third of a four year Capital budget (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:

The EPS realized an operating budget deficit of \$2.638 million, or 0.8% primarily due to low revenues from Traffic Safety Act fines, and costs associated with Rounds 1 and 2 for Stanley Cup Playoffs.

ADDITIONAL INFORMATION ATTACHED:

Operating:

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

Capital:

- III Capital Budget Performance

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Date: 2018-02-06

Edmonton Police Service

Budget Variance by Major Category of Revenues & Expenditures

For the Period Ending December 31, 2017
(\$000's)

	Current Period				2016 Year to Date				2017 Year to Date			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%
Revenue												
Traffic Safety Act Fines (Note 1)	\$ 905	\$ 866	\$ (39)	-4.3%	\$ 17 808	\$ 13 572	\$ (4 236)	-23.8%	\$ 15 508	\$ 14 267	\$ (1 241)	-8.0%
Transfer to COE General Revenues	-	-	-		-	-	-		-	-	-	
Transfer from Reserve (OTS) (Note 2)	-	-	-		20 384	20 384	-	0.0%	22 292	22 292	-	0.0%
Provincial Grants (Note 3)	-	258	258		27 061	26 736	(325)	-1.2%	27 343	29 564	2 221	8.1%
Other Revenue (Notes 4 and 12)	2 206	2 191	(15)	-0.7%	25 931	27 562	1 631	6.3%	26 334	28 849	2 515	9.6%
Total Revenue	3 111	3 315	204	6.6%	91 184	88 254	(2 930)	-3.2%	91 477	94 972	3 495	3.8%
Expenditures												
Personnel												
Salary and benefits (Note 5)	28 214	29 860	(1 646)	-5.8%	314 795	315 168	373	0.1%	328 673	329 424	(751)	-0.2%
EPS Overtime (Note 6a)	990	922	68	6.9%	10 614	10 283	(331)	-3.1%	11 030	10 419	611	5.5%
External Overtime (Note 6b)	38	6	32	84.2%	432	573	141	32.6%	460	466	(6)	-1.3%
	29 242	30 788	(1 546)	-5.3%	325 841	326 024	(183)	-0.1%	340 163	340 309	(146)	0.0%
Non-Personnel												
Furniture, equipment, IT, materials and supplies (Note 7)	319	3 155	(2 836)	-889.0%	12 605	14 516	(1 911)	-15.2%	11 666	15 857	(4 191)	-35.9%
Contracts and services (Note 8)	347	2 505	(2 158)	-621.9%	20 919	20 177	742	3.5%	17 378	19 675	(2 297)	-13.2%
Vehicles (Note 9)	535	619	(84)	-15.7%	7 373	7 615	(242)	-3.3%	7 558	7 514	44	0.6%
Facilities (Note 10)	1 021	2 061	(1 040)	-101.9%	17 592	16 964	628	3.6%	16 809	16 095	714	4.2%
Other Expenditures (Note 11)	13 335	13 883	(548)	-4.1%	14 168	13 302	866	6.1%	17 411	17 668	(257)	-1.5%
	15 557	22 223	(6 666)	-42.8%	72 657	72 574	83	0.1%	70 822	76 809	(5 987)	-8.5%
Total Expenditures (Note 13)	44 799	53 011	(8 212)	-18.3%	398 498	398 598	(100)	0.0%	410 985	417 118	(6 133)	-1.5%
Net Position	\$ 41 688	\$ 49 696	\$ (8 008)	-19.2%	\$ 307 314	\$ 310 344	\$ (3 030)	-1.0%	\$ 319 508	\$ 322 146	\$ (2 638)	-0.8%

Edmonton Police Service

Explanation of Variances by Major Category of Expenditures and Revenues – Notes

Financial Report for the Period Ended December 31st 2017**1. Traffic Safety Act (TSA) Fines Revenue**

The shortfall in Traffic Safety Act (TSA) fines is currently being reviewed with the City of Edmonton, and an Internal Audit is scheduled in 2018. In addition, the 2018 budget will see a slight reduction, which was approved on the 2017 Fall Supplemental Operating Budget Adjustment.

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

On budget.

3. Provincial Grants

Over budget primarily due to ongoing recognition of E911 Grant revenues (offset by personnel expenses), recognition of revenues to offset all 911 Operators expenses from July 01 to December 31, 2016 as supported by Alberta Emergency Management Agency on March 02, 2017, and additional Municipal Policing Assistance Grant (MPAG) funds based on the municipal census.

4. Other Revenue

The over budget position is primarily due to increased fees and volume of Police Information Checks (PIC), Secondments (offset by greater personnel costs), and various other revenues (such as from EPS 125 events, offset by greater non-personnel costs). This is offset by reduced volume of towed vehicles, and false alarm fees.

5. Salary and Benefits

Minor overspend of 0.2% resulted from lower than expected attrition and greater than expected cost of employee allowances.

The sworn member attrition position for the year was:

Attrition	December	December YTD	Full Year
Original Projection	7	70	70
Actual	2	59	59

6a. EPS Overtime

Underspent as a result of limited need of overtime in Community Policing, Police Communication (offset by greater part time costs), fewer Traffic collisions causing major injury, less overtime required in Major and Serious Crimes Branches. This is offset by costs associated with Rounds 1 and 2 for the Stanley Cup Playoffs.

6b. External Overtime

Slightly over budget.

7. Furniture, Equipment, IT, Materials and Supplies

Over budget due to various one-time operating purchases identified through priority unfunded initiatives (such as Conducted Electrical Weapons, Arwen Project, and others), plus increased IT-related licenses and various equipment (such as Microsoft enterprise agreement and Ammunition), offset by known one-time revenue increases.

8. Contracts & Services

Over budget due to various one-time operating purchases identified through priority unfunded initiatives (such as IT Governance Audit Consultant, Community Initiative Fund, Competency Model, and Rebranding), offset by known one-time revenue increases.

9. Vehicle Costs

Slightly under budget primarily due to lower fuel and regular maintenance costs partially offset by increased collision costs.

10. Facilities

Under budget as a result of lower custodial, space rent, building maintenance, fluctuations in utility rates and consumption, and charges to other budget categories (other expenditure), offset by higher snow removal and landscaping maintenance. This under spend was held to offset one-time operating purchases, identified through priority unfunded initiative.

11. Other Expenditures

Over budget primarily due to various facility renovation and leasing allocations being charged to City's inter-departmental category instead of facilities where budget exists, and increased various travel and training costs.

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 December amounted to \$1.1 million (rounded).

Edmonton Police Service

Overtime by Bureau

For the Period Ending December 31, 2017
(000's)

Bureau	2016 Actual	Year to Date			
		Budget	Actual	Variance	Var %
Police Commission	\$ 15	\$ 10	\$ 7	\$ 3	30%
Office of the Chief (Note 1)	205	225	\$ 194	31	14%
Corporate Services Bureau (Note 2)	615	736	\$ 709	27	4%
Community Policing Bureau (Note 3)	4 593	4 989	\$ 4 511	478	10%
Investigative Support Bureau (Note 4)	4 855	5 070	\$ 4 994	76	1%
Intelligence and Investigations Bureau (Note 5)	-	-	\$ 4	(4)	
Total EPS Expenditures	\$ 10 283	\$ 11 030	\$ 10 419	\$ 611	6%
External Overtime (Note 6)	573	460	\$ 466	(6)	-1%
Total Overtime Expenditures	\$ 10 856	\$ 11 490	\$ 10 885	\$ 605	5%

Edmonton Police Service

Explanation of Overtime Variances by Responsibility Area - Notes

For the Period Ended December 31st 2017

1 Office of the Chief

Under budget due to lack of urgent investigations that required call out in the Professional Standards Branch.

2 Corporate Services Bureau

Under budget position in Human Resources as a result of a recruit training schedules and staff away on training.

3 Community Policing Bureau

Under budget as a result of reduced minimum staffing need, resulted from proper staffing levels, timely management of crime trends, and less projects requiring assists.

4 Investigative Support Bureau

Under budget as a result of lower requirement for minimum staffing in Police Communication, fewer major collisions, and less overtime required in Robbery and Homicide. This is being offset by costs associated with Rounds 1 and 2 for Stanley Cup Playoffs, and project "GUCCI".

5 Intelligence and Investigations Bureau

No budget and minor activity.

6 Secondments/Recoverable

Slightly over budget.

Edmonton Police Service
 Capital Budget Performance
 Financial Report for the Period Ending December 31, 2017
 (000's)

Projects	2017 Budget (including Carry Forwards and Supplemental Budget Adjustments)*	2017 Actual Expenditures	Commitments **	2017 Funds Available	% Substantial Completion
Police IT Systems (see Note 1)	10 011	4 805	1 391	3 815	Note 11
Telecommunications Life Cycle (see Note 2)	2 234	292	50	1 892	Note 11
Radio Life Cycle (see Note 3)	586	492	-	94	84%
Northwest Campus (see Note 4)	93 416	49 316	1 338	42 762	53%
Helicopter Replacement - single engine (see Note 5)	3 695	3 314	111	270	90%
Public Safety Radio Network (see Note 6)	7 309	3 422	80	3 807	47%
Digital Asset Management System (see Note 7)	6 107	1 640	872	3 595	27%
Vehicles (see Note 8)	10 598	6 973	2 338	1 287	Note 11
Security Equipment Lifecycle (see Note 9)	(398)	1 873	66	(2 337)	Note 11
Specialized Police Equipment (see Note 10)	3 498	1 444	623	1 431	Note 11
TOTAL	137 056	73 571	6 869	56 616	

* The 2017 Budget includes amounts approved in the Fall Supplemental Capital Budget Adjustment (SCBA)

** Commitments include purchase orders and/or contractual agreements.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended December 31, 2017

1 Police IT Systems

The following projects were completed in Q4 2017:

Infrastructure

- Infrastructure Lifecycle 2017

Applications

- EPROS Org Change Updates
- Administrative Records System

The following projects are expected to be carried over to 2018:

Infrastructure

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

Applications

- Situational Awareness for Operation and Intelligence Control Centre (OICC)
- e-Ticketing
- Major Case Management
- Computer Aided Dispatch (CAD) 9.4 Upgrade
- Source Management / Witness Protection (SMWP)
- ANI/ALI Migration
- Mobile Responder
- EPROS Property
- Daily Highlights Upgrade

Other projects at various stages of completion, will also be carried forward with the remaining budget of \$5,206K.

2 Telecommunications Lifecycle Replacement

The Private Branch Exchange (PBX) System replacement project was completed in Q4. The remaining budget of \$1,942K will be carried over to 2018 for completion of the Polycom Lifecycle Replacement project and the Police Dispatch 911 telephone replacement project.

3 Radio Lifecycle Replacement

The expenditures are primarily for the installation of consoles in Police Communications Branch (PCB) as preparation for the move to Alberta First Responder Radio Communications System (AFRRCS) operations. There is a carryforward to 2018 of \$94K for the replacement radio recording solution. The project will be complete in 2018.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended December 31, 2017

4 Northwest Campus

The expenditures are for construction, design consultant, and City of Edmonton (COE) project management charges (the land cost is expected to be recorded in 2018). Construction has reached 67% completion with project completion scheduled for Q1 2019. The remaining budget of \$44,100K will be carried over to 2018. These estimates and charges are provided by the consultants and staff of Facility & Landscape Infrastructure (FLI) of COE.

5 Helicopter Replacement – single engine

The new helicopter is in operation however, the camera upgrade has been delayed until 2018. The remaining budget of \$381K will be carried forward but current projections indicate that the project may be underspent by \$270K due to lower than anticipated equipment and installation costs. The old Air 1 helicopter has been retired and proceeds are expected from the sale of engine parts. After the camera upgrade has been completed and the sale proceeds realized, budget may be released to the COE in 2018.

6 Public Safety Radio Network

The year to date expenditures are primarily for the ongoing project management staffing costs, the one-time Government of Alberta enhanced coverage fee and preliminary work in preparation for migration of the radio system to AFRRCS. Remaining budget of \$3,887K will be carried over to 2018 for migration of radios to the AFRRCS network, coverage testing and decommissioning of the Enhanced Digital Access Communication System (EDACS).

7 Digital Asset Management System (DAMS)

The project is now into the implementation stage with work in the development environment underway. The project will be rolling out the first pilot offerings to limited business units in Q2 2018. Budget of \$4,467K will be carried over to 2018.

8 Vehicles

73 Marked, 49 Unmarked and 9 Covert vehicles were put into service in 2017. Budget of \$3,625K will be carried forward to 2018.

9 Security Equipment Lifecycle

The expenditures in 2017 include the purchase and installation of equipment for the facilities (eg. PHQ, SE & NE Division). There is an overspend of \$2,271K however expenditures will balance to the budget by the end of 2018.

Edmonton Police Service
Explanation of Variances by Capital Project – Notes
For the Period Ended December 31, 2017

10 Specialized Police Equipment

Funds have been transferred from the operating budget for the purchase of items that meet the Tangible Capital Asset (TCA) definition. Some of the purchases this year include wiretap system upgrade, firearms pulverizer, Air 2 Churchill navigation system, night vision devices and portable radios. Remaining budget of \$2,054K will be carried forward to 2018.

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.