



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2019 APR 29

SUBJECT: Budget Variance for the Period Ending March 31, 2019

RECOMMENDATION(S):

That this report be received for information.

INTRODUCTION:

This report provides information and updates to the EPC on the EPS current financial position and year-end financial performance forecast as of March 31, 2019.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending March 31, 2019 indicate a net surplus position of \$1,582 million or 1.8% mainly due to an under spend in non-personnel of \$2,767 million offset by an over spend in personnel of \$0.748 million and a shortfall in revenue of \$0.437 million.

The main cause of the under budget position in non-personnel costs is due to lower custodial, maintenance and rent costs and additional cash flowing changes required for furniture and equipment which will be updated for April results.

The over budget position in personnel costs is primarily due to being over strength and higher part time costs in Police Communication Branch as a result of 911 positions civilianization.

The shortfall in revenue is from lower Traffic Safety Act revenues (partially due to a lower number of tickets issued), number of vehicle tows, E911 revenue for landlines and less E911 Grant and Victim Services revenues recognized

Capital Results

This is the first of a four year Capital budget (2019 to 2022) and the results indicate a significant under spend primarily due to the helicopter replacement funding arrangement and projects that are in their early stages of planning.

CONCLUSION:

The year-end forecast indicates that the EPS will be on budget at year end.

ADDITIONAL INFORMATION ATTACHED:

Attachment 1 – Budget Variance by Major Category of Revenue & Expenditures

Attachment 2 – Capital Budget Performance

Written By:  Kathryn REYNOLDS, T/A Director, Financial Management Branch

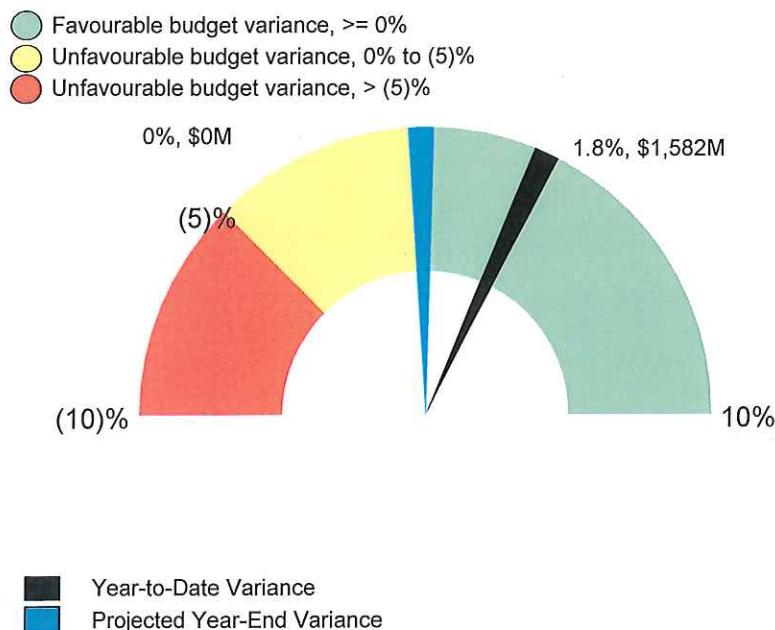
Reviewed By:  FOR Robert DAVIDSON, T/A Executive Director, Business Development Division

Approved By:  Chad TAWFIK, T/A Deputy Chief, Corporate Services Bureau

Chief of Police: _____

Date:  April 30, 19 _____

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending March 31, 2019



| | Year-to-Date | | | |
|----------------------|--------------|---------|-------------|-------|
| | Budget | Actual | Variance \$ | % |
| Revenue | 17,798 | 17,361 | (437) | -2.5% |
| <i>Personnel</i> | 90,319 | 91,067 | (748) | -0.8% |
| <i>Non-Personnel</i> | 16,924 | 14,157 | 2,767 | 16.4% |
| Expense | 107,243 | 105,224 | 2,019 | 1.9% |
| Net Position | 89,445 | 87,863 | 1,582 | 1.8% |

| | Projected Year-End | | | |
|---|--------------------|---------|-------------|-------|
| | Budget | Actual | Variance \$ | % |
| Revenue | 96,752 | 96,492 | (260) | -0.3% |
| <i>Personnel</i> | 367,161 | 360,792 | 6,369 | 1.7% |
| <i>Non-Personnel</i> | 77,073 | 83,182 | (6,109) | -7.9% |
| Expense | 444,234 | 443,974 | 260 | 0.1% |
| TCA (Note 1) | 8,797 | 8,797 | - | 0.0% |
| Transfer to/from EPS Reserve (Note 2) | - | - | - | 0.0% |
| Net Position | 356,279 | 356,279 | (0) | 0.0% |

Year-to Date

Revenue - Unfavourable variance resulting from lower Traffic Safety Act revenues (partially due to a lower number of tickets issued), number of vehicle tows, E911 revenue for landlines and less E911 Grant and Victim Services revenues recognized.

Personnel - Unfavourable variance due to being over strength and higher part time costs in Police Communication Branch as a result of 911 positions civilizational.

Non-Personnel - Favourable variance due to lower custodial, maintenance and rent costs and additional cash flowing changes required for furniture and equipment which will be updated for April results.

Projected Year-End

Revenue - The unfavourable variance is primarily due to lower Traffic Safety Act revenues offset by a Heavy Users of Service grant extension, a new Indigenous grant and increased secondment recoveries from ALERT.

Personnel - The favourable variance is due to a reduction in Local Authorities Pension Plan employer contributions and a collective bargaining settlement where the increase is payable effective December 2019.

Non-Personnel - The unfavourable variance is primarily a planned review of specialized police equipment lifecycle requirements (i.e. weapons), informatics contractors, tenant improvements and equipment fit-ups at the TD tower.

Notes:

(1) TCA refers to Tangible Capital Assets, where budget is held to cover capital-qualifying expenses for purchases such as vehicles and/or information technology projects.

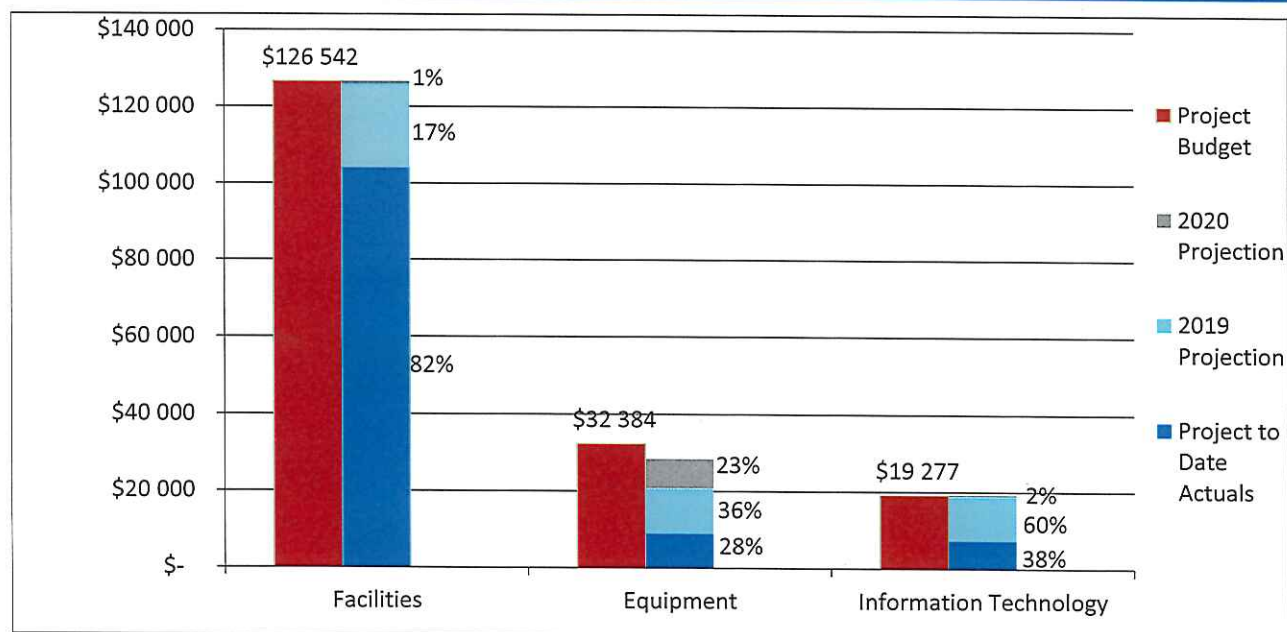
(2) On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget. Balance in the EPS Reserve as at December 31, 2018 was \$1.162 million.

| 2018 Year-to-Date | | | | | 2018 Year-End | | | | |
|---|---------|---------|-------------|-------|---|---------|---------|-------------|-------|
| | Budget | Actual | Variance \$ | % | | Budget | Actual | Variance \$ | % |
| Revenue | 19,577 | 20,252 | 675 | 3.4% | Revenue | 95,718 | 94,742 | (976) | 3.8% |
| Expense | 103,410 | 104,850 | (1,440) | -1.4% | Expense | 433,095 | 430,957 | 2,138 | 0.5% |
| Transfer to/from EPS Reserve (Note 2) | - | - | - | 0.0% | Transfer to/from EPS Reserve (Note 2) | - | 1,162 | (1,162) | 0.0% |
| Net Position | 83,833 | 84,598 | (765) | -0.9% | Net Position | 337,377 | 337,377 | - | -0.8% |

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending March 31, 2019 (\$000's)

Attachment II

| Profile Category | 2019 Actuals | Project To Date Actuals | 2019 Projection | 2020 Projection | Total Projection | Approved Budget Prior Years | 2019 Approved Budget * | Total Bud v Proj \$ |
|---------------------------------|--------------|-------------------------|-----------------|-----------------|------------------|-----------------------------|------------------------|---------------------|
| Facilities (Note 1) | \$ 2 140 | \$ 104 082 | \$ 23 900 | \$ 771 | \$ 126 613 | \$ 101 942 | \$ 24 600 | \$ (71) |
| Equipment (Note 2) | \$ 4 382 | \$ 8 991 | \$ 16 136 | \$ 7 600 | \$ 28 345 | \$ 4 609 | \$ 27 775 | \$ 4 039 |
| Information Technology (Note 3) | \$ 1 470 | \$ 7 303 | \$ 13 114 | \$ 330 | \$ 19 277 | \$ 5 833 | \$ 13 444 | \$ - |
| | \$ 7 992 | \$ 120 376 | \$ 53 150 | \$ 8 701 | \$ 174 235 | \$ 112 384 | \$ 65 819 | \$ 3 968 |



* The 2019 Budget includes amounts requested in the Spring Supplemental Capital Budget Adjustment (SCBA).

**Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending March 31, 2019
(\$000's)**

1 Facilities

- Northwest Campus deficiency work remains which includes remediation to the roof and gymnasium floor, repairs to the mechanical HVAC systems, along with mill work and painting. The EPS furniture, fixtures and equipment fit-up of the facility is ongoing however occupancy will now be delayed due to the impact of the outstanding deficiencies. With the City of Edmonton Integrated Infrastructure Services (COE IIS) requesting a Supplemental Capital Budget Adjustment (SCBA) of \$790K to cover an unanticipated change in the overhead value, the project is now expected to be on target.
- Westwood Central Stores detailed design work is underway with a target of completing the construction tender drawings in Q2, and construction in Q4 or early 2020. It is expected that approximately \$771K may be carried forward to 2020 for the remaining work.
- The Operations & Intelligence Command Centre design & construction is 98% complete with a walk through with EPS Facilities occurring on April 12, 2019. Installation of furniture has begun and the video wall and dashboard installation will be complete by the end of the second quarter. There is currently a projected overspend of \$71K.
- SCBA requests of \$11,731K and \$1,500K were made to secure a continued hold on the Goodridge land of 14.22 acres for future phases of the Northwest expansion and for the 2019 planning and design work of the Firearms Facilities.

2 Equipment

- A project manager has been assigned to The Emergency Communication Centre IP Call Handling Project and the project charter is under review. Approximately \$3,305K may be carried over to 2020.
- The EPC and EPS have reviewed the 2019 operating budget to reallocate funds for the replacement of Air 2 and a report will be presented to the Community and Public Services Committee (CPSC) on June 26, 2019. It is recommended that Council approve the release of \$6,200K in borrowing as the funding with EPS payback over 20 years. It is expected that the 2019 budget will be carried forward to 2020.
- Extended network coverage of the Public Safety Radio Network Project is expected to be complete in 2019 with decommissioning of the Enhanced Digital Access Communications System (EDACS) in 2020. Approximately \$240K will be carried over to 2020 and the remaining portion relating to the Government of Alberta access fee of \$2,140K may be transferred to Operating.
- Vehicle costs are \$3.6 million for the first quarter. It is estimated that \$2,853K may be carried forward to 2020.

3 Information Technology

- IT Applications Sustainment is in the project planning and initiation activities. IT Applications Enhancement has targeted the 2018 carryover projects such as OICC Situational Awareness and IT Infrastructure Sustainment is progressing according to plan. It is expected that \$330K may be carried forward to 2020 to complete the remaining IT Applications Sustainment projects.
- All components of the Enterprise Content Management System (ECM) necessary for shared drive migration to DAMS has been completed. Migration to production is in progress for one area and is on track to roll out to seven additional areas. It is estimated that the project will be complete by the end of 2019.