



## EDMONTON POLICE SERVICE

### REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2019 August 6

SUBJECT: Budget Variance for the Period Ending June 30, 2019

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#### 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 June 30, 2019.

#### COMMENTS / DISCUSSION:

##### **Operating Results**

The operating results for the period ending June 30, 2019 indicate a net surplus position of \$1.108 million or 0.6% mainly due to an under spend in non-personnel of \$4.072 million partially offset by over spend in personnel of \$3.215 million and higher revenue of \$0.251 million.

The main cause of the under budget position in non-personnel costs is due to lower contract and services, furniture and equipment, custodial, maintenance, renovations and rent costs.

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 over budget revenue position is primarily due to increased secondment recoveries from ALERT (offset by personnel expenses), higher Police Information Check Section (PICS) revenue partially offset by lower vehicle tows revenue during the first six months and less E911 Grant revenue 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. In accordance with EPS Reserve Policy, currently projected operating surplus of \$1.078 million will be placed in EPS reserve.

### ADDITIONAL INFORMATION ATTACHED:

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

Attachment 2 – Capital Budget Performance

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*RP for*

Reviewed By: Robert DAVIDSON, Executive Director, Business Development Division

*RD*

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

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Chief of Police:



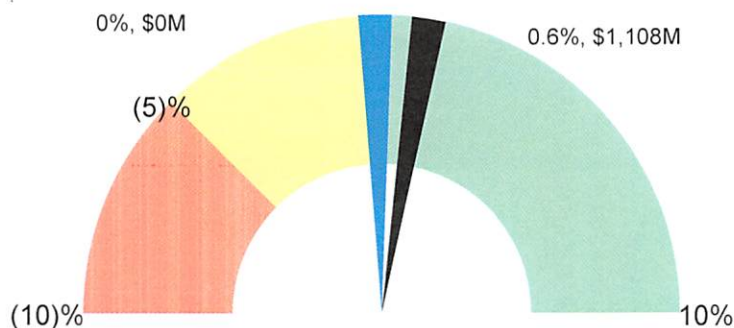
*Al Murphy*  
Acting Chief of Police

Date:

*19 AUG 07*

**Edmonton Police Service**  
**Budget Variance by Major Category of Revenue & Expenditures**  
**For the Period Ending June 30, 2019**

- Favourable budget variance,  $\geq 0\%$
- Unfavourable budget variance,  $0\%$  to  $(5)\%$
- Unfavourable budget variance,  $> (5)\%$



- Year-to-Date Variance
- Projected Year-End Variance

Year-to-Date				
	Budget	Actual	Variance \$	%
Revenue	34,704	34,955	251	0.7%
<i>Personnel</i>	184,641	187,856	(3,215)	-1.7%
<i>Non-Personnel</i>	35,912	31,840	4,072	11.3%
Expense	220,553	219,696	857	0.4%
Net Position	185,849	184,741	1,108	0.6%

Projected Year-End				
	Budget	Actual	Variance \$	%
Revenue	96,957	97,723	766	0.8%
<i>Personnel</i>	369,073	367,494	1,579	0.4%
<i>Non-Personnel</i>	75,048	76,315	(1,267)	-1.7%
Expense	444,121	443,809	312	0.1%
TCA (Note 1)	9,791	9,791	-	0.0%
Transfer to/from EPS Reserve (Note 2)	-	1,078	(1,078)	0.0%
Net Position	356,955	356,955	-	0.0%

#### Year-to-Date

**Revenue** - The over budget revenue position is primarily due to increased secondment recoveries from ALERT (offset by personnel expenses), higher Police Information Check Section (PICS) revenue partially offset by lower vehicle tows revenue during the first six months and less E911 Grant revenue recognized.

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

**Non-Personnel** - Favourable variance due to lower contract and services, furniture and equipment, custodial, maintenance, renovations and rent costs.

#### Projected Year-End

**Revenue** - The over budget position is due to increased secondment recoveries from ALERT (offset by personnel expenses), higher PICS revenue partially offset by lower traffic safety act revenue (lower number of tickets issued), lower vehicle tows revenue (lower volume of tows partially offset by the increase in storage rates) and lower E911 Grant revenue recognized.

**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 due to 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.

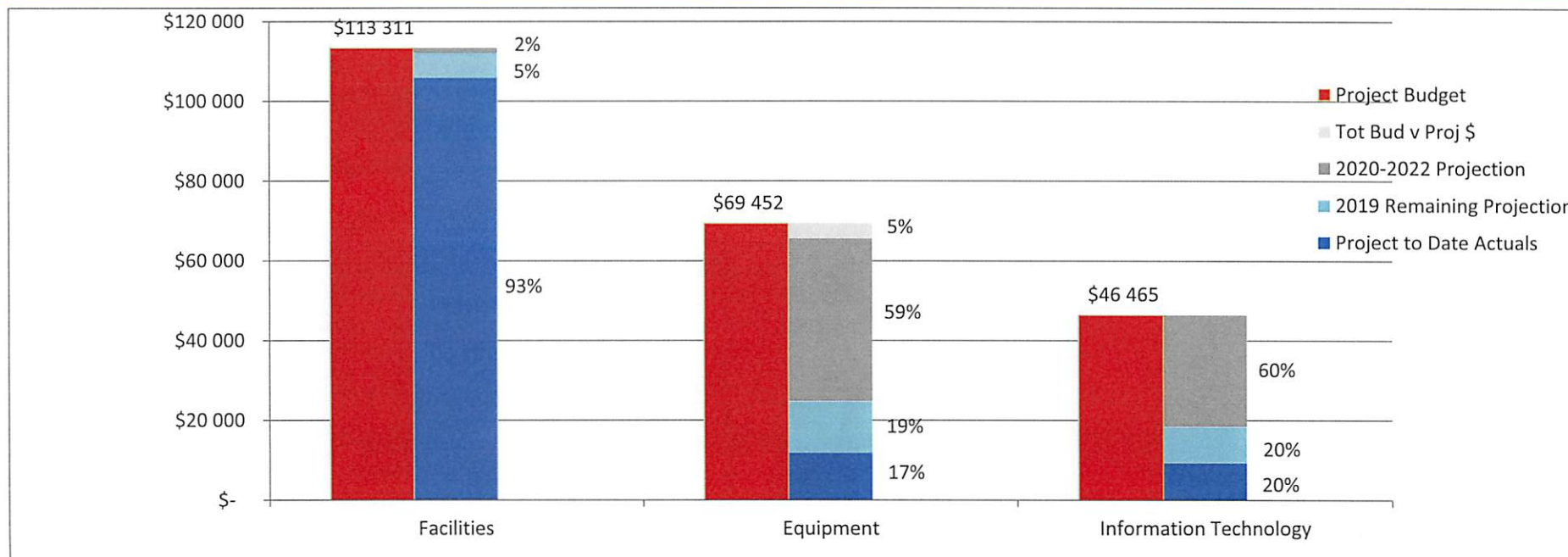
2018 Year-to-Date					2018 Year-End			
	Budget	Actual	Variance \$	%		Budget	Actual	Variance \$ %
Revenue	60,175	59,776	(399)	-0.7%	Revenue	95,718	94,742	(976) 3.8%
Expense	209,116	210,001	(886)	-0.4%	Expense	433,095	430,957	2,138 0.5%
Transfer to/from EPS Reserve (Note 2)	-	-	-	0.0%	Transfer to/from EPS Reserve (Note 2)	-	1,162	(1,162) 0.0%
Net Position	148,941	150,225	(1,285)	-0.9%	Net Position	337,377	337,377	- -0.8%



Edmonton Police Service  
Capital Budget Performance  
Financial Report for the Period Ending June 30, 2019 (\$000's)

Attachment II

Profile Category	2019 Actuals	Project To Date Actuals	2019 Projection	2020-2022 Projection	Total Projection	Approved Budget Prior Years	2019 Approved Budget *	2020-2022 Approved Budget	Total Approved Budget	Total Bud v Proj \$
Facilities (Note 1)	\$ 3 993	\$ 105 935	\$ 10 135	\$ 1 305	\$ 113 382	\$ 101 942	\$ 11 369	\$ -	\$ 113 311	\$ (71)
Equipment (Note 2)	\$ 7 269	\$ 11 878	\$ 20 151	\$ 40 857	\$ 65 617	\$ 4 609	\$ 27 775	\$ 37 068	\$ 69 452	\$ 3 835
Information Technology (Note 3)	\$ 3 551	\$ 9 384	\$ 12 656	\$ 27 976	\$ 46 465	\$ 5 833	\$ 13 444	\$ 27 188	\$ 46 465	\$ -
	\$ 14 813	\$ 127 197	\$ 42 942	\$ 70 138	\$ 225 464	\$ 112 384	\$ 52 588	\$ 64 256	\$ 229 228	\$ 3 764



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

**Edmonton Police Service  
Capital Budget Performance  
Financial Report for the Period Ending June 30, 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 is delayed due to the impact of the outstanding deficiencies and is currently under review by the City of Edmonton Integrated Infrastructure Services (COE IIS). It is projected that budget of \$955K may be carried forward to 2020 for remaining costs.
- Westwood Central Stores detailed design work is underway with expected completion of the construction tender drawings in Q3, and construction in Q4 or early 2020. A Fall Supplemental Capital Budget Adjustment (SCBA) request is being made to transfer an additional \$350K to the project and it is expected that this amount may be carried forward to 2020 for the remaining work.
- The Operations & Intelligence Command Centre design & construction is complete and furniture is in place. Information Technology (IT) issues have delayed the video wall and dashboard but is expected to be complete by the end of the third quarter. The projection as of June 30<sup>th</sup> indicates a projected overspend of \$71K, however updated actuals in early Q3 indicates the overspend may be reduced.
- A Fall SCBA of \$11,731K and \$2,800K may be considered to secure and hold the Goodridge land of 14.22 acres for future phases of the Northwest expansion and for the planning and design work of the Firearms Facilities. EPS is also drafting a business case to pursue a public-private partnership (P3) opportunity for the firearms facilities.

**2 Equipment**

- The Emergency Communication Centre Internet Protocol Call Handling Project charter has been approved. The Request for Proposal is expected to be released in Q3. Approximately \$4,817K may be carried over to 2020.
- Council has approved the release of \$6,200K in borrowing as the funding for the replacement of Air 2 helicopter with EPS payback over 20 years. Procurement of the sole source purchase will begin in 2019.
- Extended coverage of the Public Safety Radio Network project has been delayed due to a factory recall on the electronic equipment but is expected to be installed in Q4. It is estimated that \$240K may be carried over to 2020 to complete the decommissioning of the Enhanced Digital Access Communications System. Also, as indicated by KPMG auditors, the Government of Alberta access fee incurred in 2017 is an operating expenditure in nature and a process is being discussed with Corporate to secure the yearly increase to the operating budget up until year 2031.
- Vehicle costs are \$5,608K. It is estimated that \$611K may be carried forward to 2020.

**3 Information Technology**

- A comprehensive review of the Records Management System is underway and expected to be complete by the end of 2019. Results of this review will provide direction moving forward for the remaining term of the IT Applications profile. IT Infrastructure Sustainment has planned expenditures occurring in Q3 and Q4. It is expected that \$788K may be carried forward to 2020 to complete the remaining IT projects.
- Migration of the DAMS Enterprise Content Management System (ECM) to production for Major Crime is currently being tested and the components necessary for the management of video is being implemented. It is estimated that the project will be complete by the end of 2019.