



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2019 November 04

SUBJECT: Budget Variance for the Period Ending September 30, 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 September 30, 2019.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending September 30, 2019 indicate a net surplus position of \$2.406 million or 0.9% mainly due to an under spend in non-personnel of \$4.849 million partially offset by an over spend in personnel of \$2.543 million and higher revenue of \$0.100 million.

The under budget position in non-personnel costs is due to lower equipment and IT costs, lower custodial and maintenance costs primarily due to Northwest Campus delays, lower renovation and rent, and lower Extra Duty members costs due to lower demand.

The over budget position in personnel costs is a result of being over strength, higher part time and overtime costs in PCB resulting from 911 position civilianization and higher secondment costs (offset by recoveries from ALERT).

The over budget revenue position is primarily due to increased secondment recoveries from ALERT (offset by higher personnel expenses), higher Police Information Check Section (PICS) revenue partially offset by lower vehicle tows revenue, lower Traffic Safety Act revenue 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 delayed opening of Northwest Campus and projects that are in their early stages of planning.

CONCLUSION:

The year-end forecast projects an operating deficit of \$0.547 million. In accordance with EPS Reserve Policy, this deficit will be covered from the EPS Operating Reserve.

ADDITIONAL INFORMATION ATTACHED:

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

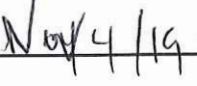
Attachment 2 – Capital Budget Performance

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

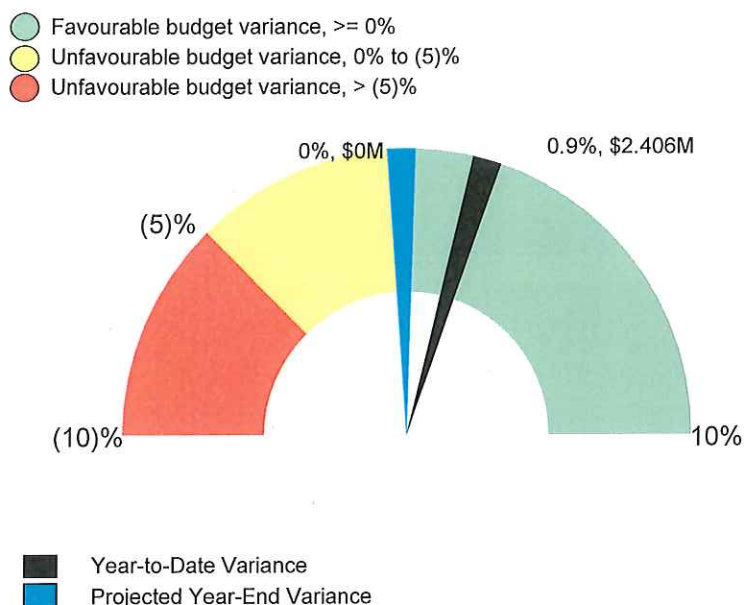
Reviewed By: Robert DAVIDSON, Executive Director, Business Development Division 

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

Chief of Police: 

Date:  Nov 4 / 19

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



Year-to-Date				
	Budget	Actual	Variance \$	%
Revenue	65,812	65,912	100	0.2%
<i>Personnel</i>	271,209	273,752	(2,543)	-0.9%
<i>Non-Personnel</i>	54,240	49,391	4,849	8.9%
Expense	325,449	323,143	2,306	0.7%
Net Position	259,637	257,231	2,406	0.9%

Projected Year-End				
	Budget	Actual	Variance \$	%
Revenue	96,957	96,249	(708)	-0.7%
<i>Personnel</i>	369,003	369,802	(799)	-0.2%
<i>Non-Personnel</i>	74,952	73,992	960	1.3%
Expense	443,955	443,794	161	0.0%
TCA (Note 1)	9,958	9,958	-	0.0%
Transfer to/from EPS Reserve (Note 2)	-	(547)	547	0.0%
Net Position	356,956	356,956	-	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, lower Traffic Safety Act revenue and less E911 Grant revenue recognized.

Personnel - Unfavourable variance primarily due to being over strength, higher part time and overtime costs in PCB resulting from 911 position civilianization and higher secondment costs (offset by recoveries from ALERT).

Non-Personnel - Favorable variance primarily due to lower equipment and IT costs primarily due to the timing of specific initiatives planned for Q4 (PC Lifecycle as part of Windows 10), custodial and maintenance costs primarily due to Northwest Campus delays, lower renovations and rent, lower Extra Duty member payments due to lower demand.

Projected Year-End

Revenue - The under budget position is due to Traffic Safety Act revenue (partially due to lower number of tickets issued), lower Extra Duty due to lower demand, lower vehicle tows revenue (lower volume of tows partially offset by the increase in storage rates), lower E911 Grant revenue recognized partially offset by increased secondment recoveries from ALERT (offset by personnel expenses) and higher PICS revenue.

Personnel - The same as year to date partially offset by a reduction in Local Authorities Pension Plan employer contributions, a collective bargaining settlement where the increase is payable effective December, 2019 and funds not needed to support NHL Playoffs.

Non-Personnel - The favourable variance is primarily due to lower than expected Extra Duty payments to members as a result of lower demand, lower custodial and maintenance as a result of delays related to Northwest Campus, lower renovations and rent costs partially offset by higher costs to complete the tenant improvements and equipment fit-up 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.

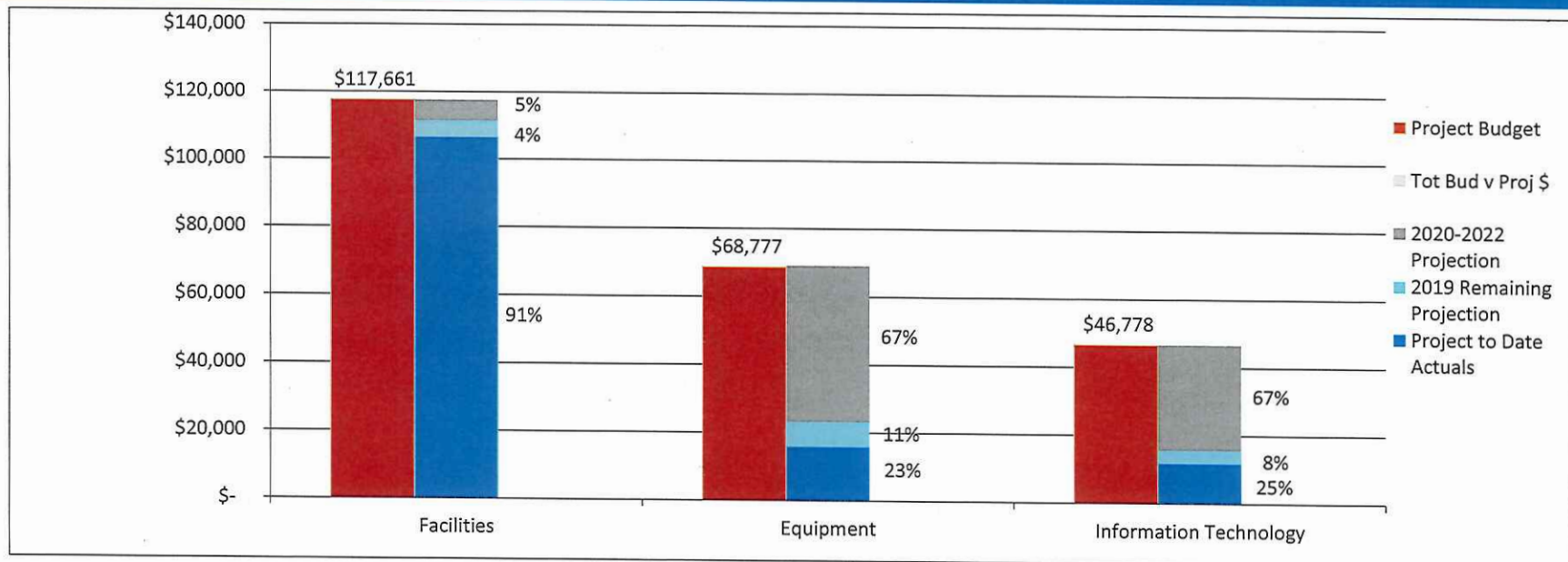
(2) On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed 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	77,944	77,518	(426)	-0.5%	Revenue	95,718	94,742	(976) 3.8%
Expense	307,574	306,691	883	0.3%	Expense	433,095	430,957	2,138 0.5%
Transfer to/from	-	-	-	0.0%	Transfer to/from	-	1,162	(1,162) 0.0%
EPS Reserve (Note 2)					EPS Reserve (Note 2)			
Net Position	229,630	229,173	457	0.2%	Net Position	337,377	337,377	- -0.8%

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending Sep 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)	\$ 4,614	\$ 106,556	\$ 9,390	\$ 6,271	\$ 117,603	\$ 101,942	\$ 15,719	\$ -	\$ 117,661	\$ 58
Equipment (Note 2)	\$ 11,213	\$ 15,822	\$ 18,524	\$ 46,000	\$ 69,133	\$ 4,609	\$ 27,100	\$ 37,068	\$ 68,777	\$ (356)
Information Technology (Note 3)	\$ 5,988	\$ 11,821	\$ 9,881	\$ 31,064	\$ 46,778	\$ 5,833	\$ 13,757	\$ 27,188	\$ 46,778	\$ -
	\$ 21,815	\$ 134,199	\$ 37,795	\$ 83,335	\$ 233,514	\$ 112,384	\$ 56,576	\$ 64,256	\$ 233,216	\$ (298)



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

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

1 Facilities

- Northwest Campus roofing repair work is currently underway and City Council approved funds of \$4,600K on October 8, 2019 to cover the additional cost. Administration will seek to recover all remediation costs as well as costs that have been incurred because of the delayed opening. Once the City of Edmonton is confident the roofing issues have been resolved, an in-service date will be determined. It is projected that budget of \$3,911K may be carried forward to 2020 for the remaining costs.
- Westwood Central Stores detailed design work has been completed. Construction began however will be delayed as the existing fire sprinkler system and sanitary sewer needs to be upgraded. Costs for these upgrades will be covered by the City of Edmonton Integrated Infrastructure Services. It is projected that \$2,328K may be carried over to 2020 to complete the remaining project.

2 Equipment

- The Request for Proposal for the Emergency Communication Centre Internet Protocol Call Handling Project is expected to be released in Q4 2019. Approximately \$3,318K may be carried over to 2020.
- Configuration of the new H125 helicopter is almost complete and the purchasing agreement is being reviewed. It is anticipated that an initial payment may be made by the end of 2019 with expected delivery in the latter part of 2020. Approximately \$1,650K may be carried over to 2020.
- Extended network coverage of the Public Safety Radio Network project has been delayed due to a factory recall on the electronic equipment and manufacturer short order, however the install is expected to be complete by Q1 2020. Approximately \$2,884K will be carried over to 2020 of which \$1,100K will be required to complete the extended coverage and decommissioning of the Enhanced Digital Access Communications System. A Supplemental Capital Budget Adjustment will be requested in Spring 2020 to transfer budget for the Government of Alberta access fee of \$2,140K to the police operating reserve because as indicated by KPMG auditors, the fee is an operating expenditure. The project may be approximately \$356K over budget.
- Vehicle costs are \$7,415K. It is estimated that the project may be overspent by \$169K in 2019, due to pre-ordering of the 2020 police models as the manufacturers are temporarily shutting down production. The budget will balance over the four year budget cycle.

3 Information Technology

- Expenditures to date include CAD Upgrade, EPROS lifecycle, Data Manager Retirement, Situational Awareness & e-Ticketing as well as equipment purchases such as mobile workstations and hard drives. e-Ticketing vendor negotiations will begin in 2020 and enhancement projects related to EPROS have been put on hold pending a report of the EPS Records Management System review which is due in Q1 2020. The Alarm Control project is in progress for a Request for Proposal, and the Detainee Management Unit project is on hold pending Northwest Campus completion and assessment. It is expected that \$3,651K may be carried forward to 2020 to complete the remaining IT projects.
- The DAMS Enterprise Content Management System is currently being re-evaluated for scope and function. The project will continue into 2020 to support transition from a development project to a sustainment program. It is expected that \$225K may be carried forward to 2020.