



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2020 May 4

SUBJECT: Budget Variance for the Period Ending March 31, 2020

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 as of March 31, 2020.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending March 31, 2020 indicate a net deficit position of \$3.937 million or 4.1% mainly due to the underspend in non-personnel of \$2.996 million offset by overspend in personnel of \$4,915 million and a shortfall in revenue of \$2,018 million.

The overbudget position in Personnel is primarily due to being over strength, higher part time and overtime costs in Police Communications Branch resulting from 911 position civilianization, and higher secondment costs (offset by revenues from Alberta Law Enforcement Response Teams).

The main cause of the underbudget position in non-personnel costs is due to delay in billing for DNA testing, as well as under budget in Extra Duty services.

The revenue shortfall is primarily due to Provincial stay at home measures as part of COVID-19 mitigation efforts, resulting in lower revenues from school boards for the School Resource Officer, as well as lower revenues from seized vehicles, Police Information Checks and Extra Duty. In April, the budget will increase after the pending Spring Supplemental Operating Budget Adjustment is approved by City Council (budget

increase is effective January 2020), however a shortfall in revenue will result due to actual staff transferring to ALERT effective April 2020.

COVID-19

A year-end projection of \$3,146 operating expense related to COVID-19 is included in the year-end forecast.

Capital Results

This is the second year of the four year Capital budget (2019 to 2022) and the results indicate a projected budget carry forward to 2021 of \$3.751 million. The carry forward is related to some lifecycle replacement purchases being delayed due to the uncertainty of the financial impact of the COVID 19 pandemic and the Emergency Communication Centre IP Call Handling Project go-live date expected in 2021.

CONCLUSION:

The year-end forecast projects an operating deficit of \$1.751 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

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Reviewed By: Robert DAVIDSON, Executive Director, Business Development Division *R. Davidson*

Approved By: Darren DERKO, Deputy Chief, Corporate Services Bureau *DD*

Overstrength Budget impacts primarily come from PD 911 and new civilian positions in Value Project and Strategic Social Development. We are mitigating some of these pressures through the delay of the recruit class and Alert funding positions.

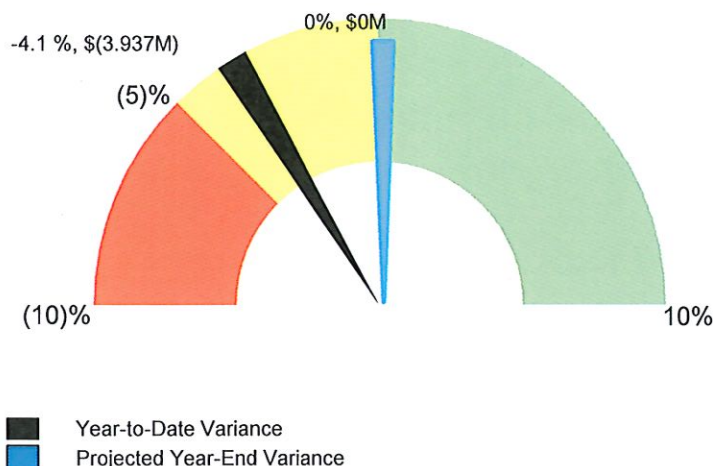
Chief of Police: _____

Date: May 4, 20

Steps are being taken to reduce this potential deficit within budget.

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending March 31, 2020

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



Year-to-Date				
	Budget	Actual	Variance \$	%
Revenue	18,246	16,228	(2,018)	-11.1%
<i>Personnel</i>	94,345	99,260	(4,915)	-5.2%
<i>Non-Personnel</i>	19,113	16,117	2,996	15.7%
Expense	113,458	115,377	(1,919)	-1.7%
Net Position	95,212	99,149	(3,937)	-4.1%

Projected Year-End				
	Budget	Actual	Variance \$	%
Revenue	93,971	93,722	(249)	-0.3%
<i>Personnel</i>	377,510	385,965	(8,455)	-2.2%
<i>Non-Personnel</i>	82,395	75,442	6,953	8.4%
Expense	459,905	461,407	(1,502)	-0.3%
TCA (Note 1)	7,070	7,070	-	0.0%
Transfer to/from				
EPS Reserve				
(Note 2)	-	(1,751)	1,751	0.0%
Net Position	373,004	373,004	-	0.0%

Year-to Date

Revenue - The under budget position is due to lower Traffic Safety Act revenues, E911 revenue from landlines and less E911 Grant and Victim Services revenues. Under budget primarily due to Provincial stay at home measures as part of COVID-19 mitigation efforts. As a result, there is an under budget in revenues from school boards due to less demand for School Resources Officer services as schools are closed. There are also lower revenues from seized vehicles, Police Information Checks and Extra Duty. There is an offsetting lower Extra Duty services expense.

Personnel - The over budget position is 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 revenues from ALERT).

Non-Personnel - The under budget position is primarily due to the lower Extra Duty services expense as City events have been cancelled, as well as delay in billing for DNA testing, lower anticipated building maintenance and custodial costs, a portion of which is related to the delay in opening of Northwest Campus. Travel and training is underspent due to restrictions in travel and training as part of COVID-19 mitigation efforts.

Projected Year-End

Revenue - The same as year to date. A projected under budget in TSA Fines revenue is due to the increase in surcharge from Alberta Provincial Government effective April 1, 2020. Also, in April, the budget will increase (offset in Personnel) after the pending Spring Supplemental Operating Budget Adjustment is approved by City Council (budget increase is effective January 2020), however a shortfall in revenue will result due to actual staff transferring to ALERT effective April 2020.

Personnel - The same as year to date. A further over budget projection in overtime is anticipated for the NHL Playoffs and as a result of minimum staffing gaps in Police Communications Branch due to 911 position civilianization. The over budget is partially offset by the collective bargaining settlement where the increase is payable effective December 2020.

Non-Personnel - Under budget as organizational opportunities have been held to manage organizational pressures such as personnel to the Value and Impact and Strategic Social Development Divisions and anticipated NHL Playoffs.

Notes:

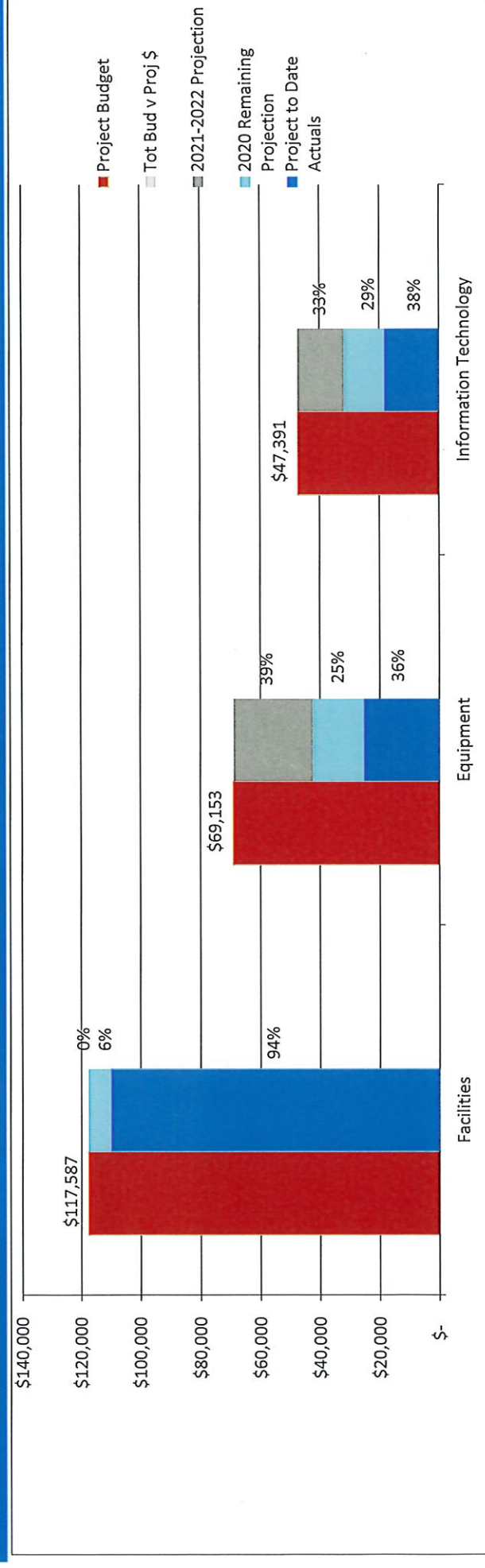
(1) TCA refers to Tangible Capital Assets, where budget is held to cover capital-qualifying expenses for purchases such as vehicles and/or information technology projects.

(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, 2019 was \$2.245 million.

2019 Year-to-Date					2019 Year-End			
	Budget	Actual	Variance \$	%		Budget	Actual	Variance \$ %
Revenue	17,798	17,361	(437)	-2.5%	Revenue	96,957	94,470	(2,487) 3.8%
Expense	107,243	105,224	2,019	1.9%	Expense	454,581	451,011	3,570 0.8%
Transfer to/from	-	-	-	0.0%	Transfer to/from	-	1,083	(1,083) 0.0%
EPS Reserve					EPS Reserve			
(Note 2)					(Note 2)			
Net Position	89,445	87,863	1,582	1.8%	Net Position	357,624	357,624	- -0.8%

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending March 31, 2020 (\$000's)

Profile Category	2020 Actuals	Project To Date Actuals	2020 Projection	2021-2022 Projection	Total Projection	Approved Budget Prior Years	2020 Approved Budget *	2021-2022 Approved Budget	Total Approved Budget	Total Bud vs Proj \$
Facilities (Note 1)	\$ 348	\$ 109,979	\$ 7,889	\$ -	\$ 117,520	\$ 109,631	\$ 7,956	\$ -	\$ 117,587	\$ 67
Equipment (Note 2)	\$ 1,760	\$ 25,188	\$ 18,943	\$ 26,560	\$ 68,931	\$ 23,428	\$ 22,591	\$ 23,133	\$ 69,153	\$ 221
Information Technology (Note 3)	\$ 2,877	\$ 18,123	\$ 16,523	\$ 15,623	\$ 47,391	\$ 15,246	\$ 16,523	\$ 15,623	\$ 47,391	\$ -
	\$ 4,985	\$ 153,290	\$ 43,355	\$ 42,183	\$ 233,843	\$ 148,305	\$ 47,070	\$ 38,756	\$ 234,130	\$ 288



* The 2020 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, 2020
(\$000's)**

1 Facilities

- Northwest Campus roofing repair work is currently underway. Once the City of Edmonton (COE) is confident the roofing issues have been resolved, an in-service date will be determined. The EPS is tentatively planning to begin occupancy during late Q2, 2020.
- The detailed design of the Westwood Central Stores renovations is completed with a target of completing the construction in Q4, 2020. The EPS would tentatively occupy the facility later during Q4, 2020.

2 Equipment

- The Emergency Communication Centre Internet Protocol Call Handling Project is in the Request for Proposal (RFP) evaluation stage. Vendor selection is anticipated to be completed in early May with subsequent contract development and scheduling. Based on current estimates, \$1,327K will be carried forward to 2021 as the go-live date for the project is expected to be Q1, 2021.
- It is anticipated EPS will take delivery of the helicopter near the end of Q2 and the installation of the mission equipment will be completed by the end of Q3. This project may be under budget by approximately \$221K but fluctuations in the exchange rate may impact this anticipated underspend.
- The Public Safety Radio Network project is progressing with the majority of EPS radios transitioned to the Alberta First Responder Radio Communications System (AFRCS) environment expected to be complete by Q2. The current delay is attributed to ISED Certification and delivery of fiber remotes. Due to schedule delays and scope changes for SUMS/FX and NICE Audio Recorder there may be an overspend in this project.
- Due to the uncertainty of the financial impact of the COVID-19 pandemic, the lifecycle replacement budget was reviewed and some purchases will be delayed until 2021. This will result in a budget carry forward of \$2,100K to 2021.

3 Information Technology

- IT Application and Infrastructure Sustainment expenditures to date include CAD upgrade, Line-of-Business Lifecycle, Data Manager retirement and Sitecore Upgrade, storage hardware, MWS lifecycle and infrastructure lifecycle. The priority of Business Application Enhancement projects is continually being reviewed and adjusted based on EPS business priorities and the IT Steering Committee given the current COVID-19 pandemic. This will result in the overall portfolio of projects being adjusted on an ongoing basis and the projections will be adjusted accordingly in Q2.
- The DAMS Enterprise Content Management System is currently being re-evaluated for scope and function. A 6-month extension of the contract resources was approved to review the original scope to determine the work required from implementation perspective.