



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2020 July 31

SUBJECT: Budget Variance for the Period Ending June 30, 2020

RECOMMENDATION(S):

That this report be received for information.

INTRODUCTION:

This report provides information and updates to the Edmonton Police Commission (EPC) on the Edmonton Police Service (EPS) current financial position as of June 30, 2020.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending June 30, 2020 indicate a net deficit position of \$3.545 million or 1.8% mainly due to the overspend in personnel of \$3.940 million and a shortfall in revenue of \$3.492 million. This is partially offset by an underspend in non-personnel of \$3.887 million.

The overbudget position in Personnel is primarily the result of higher salary costs due to decreases in vacation taken, higher part time and overtime costs in the Police Communications Branch resulting from 911 position civilianization, and Edmonton Police Association personnel being over strength.

The main causes of the underbudget position in non-personnel costs are detailed in Attachment I and include lower demand for Extra Duty services, lower expenses for forensic biology related services and delays in the Human-centered Engagement and Liaison Partnership (HELP) program initiatives.

The revenue shortfall is due to lower demand for several EPS services and fewer Traffic Safety Act fine tickets issued.

COVID-19 Financial Impact

The impact to EPS' year-end projection includes \$3.270 million for increased operating expenses and revenue shortfalls.

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 \$10.271 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, IT infrastructure storage hardware solution and the Emergency Communication Centre IP Call Handling Project go-live date expected in Q3 2021.


CONCLUSION:

The year-end forecast projects an operating deficit of \$3.715 million. This is the result of savings in non-personnel and overtime costs and EPA collective bargaining where the increase is payable effective December 2020, offset by anticipated National Hockey League (NHL) playoff costs and impact of COVID-19 pandemic. In accordance with EPS Reserve Policy, this deficit will be partially covered from the EPS Operating Reserve.

ADDITIONAL INFORMATION ATTACHED:

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

Written By: Kathryn REYNOLDS, Director, Financial Management Branch 

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

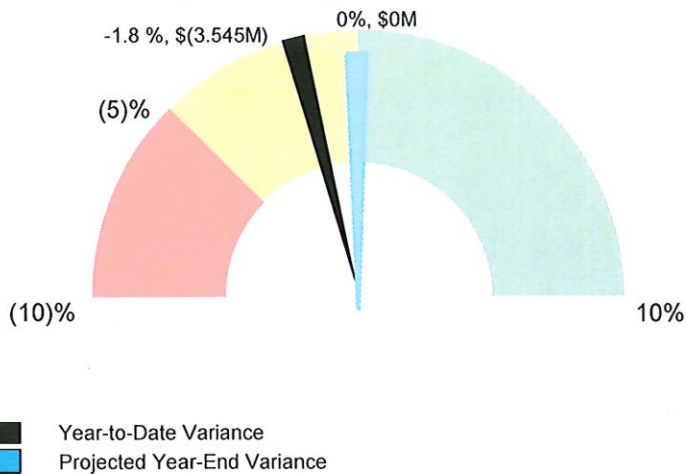
Approved By: Darren DERKO, Deputy Chief, Corporate Services Bureau 

Chief of Police: _____
Date: _____

The impact of the decrease in vacation time, as compared to last year, is down 23% or approx \$2.2M. We continue to monitor and are on track as compared to last year at this time. However it will be difficult to make up the \$2.2M.

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending June 30, 2020

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



| Year-to-Date | | | | |
|----------------------|---------|---------|-------------|-------|
| | Budget | Actual | Variance \$ | % |
| Revenue | 36,821 | 33,329 | (3,492) | -9.5% |
| <i>Personnel</i> | 192,758 | 196,698 | (3,940) | -2.0% |
| <i>Non-Personnel</i> | 39,373 | 35,485 | 3,887 | 9.9% |
| Expense | 232,131 | 232,183 | (53) | 0.0% |
| Net Position | 195,310 | 198,854 | (3,545) | -1.8% |

| Projected Year-End | | | | |
|---------------------------------------|---------|---------|-------------|-------|
| | Budget | Actual | Variance \$ | % |
| Revenue | 96,904 | 93,583 | (3,321) | -3.4% |
| <i>Personnel</i> | 381,623 | 388,624 | (7,001) | -1.8% |
| <i>Non-Personnel</i> | 81,603 | 74,996 | 6,607 | 8.1% |
| Expense | 463,226 | 463,620 | (394) | -0.1% |
| TCA (Note 1) | 9,619 | 9,619 | - | 0.0% |
| Transfer to/from EPS Reserve (Note 2) | - | (3,715) | 3,715 | 0.0% |
| Net Position | 375,941 | 375,941 | - | 0.0% |

Year-to Date

Revenue - The under budget position is the result of fewer tows of seized vehicles, lower demand for Police Information Checks (PICS), and less demand for Extra Duty services because of the cancellation of several events, offset by lower contract and service costs. Lower Traffic Safety Act revenues are due to a lower number of tickets issued.

Personnel - The over budget position is due to higher salary costs because of decrease in vacation taken, higher part time costs in the Police Communications Branch (PCB) resulting from 911 position civilianization, and Edmonton Police Association personnel being over strength. Overtime is under budget because of favourable staffing or deployment models in the Community Policing Bureau, partially offset by higher overtime costs in PCB.

Non-Personnel - The under budget position is due to lower Extra Duty and tow lot contract expenses, which are offset by reductions in revenue. Also contributing to the under spend are the lower than expected expense for forensic biology related services, the delay in the Human-centered Engagement and Liaison Partnership (HELP) program initiatives. Building maintenance and custodial costs are lower than anticipated, 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. Supplies and equipment are over budget in response to the COVID-19 pandemic.

Projected Year-End

Revenue - The same as year to date. The projection for PICS revenue includes the impact of the \$6 increase in the online rate, which is offset by online service and credit card processing fees.

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 PCB due to 911 position civilianization, partially offset by under budget projections in the Community Policing Bureau and the collective bargaining settlement where the increase is payable effective December 2020.

Non-Personnel - Under budget as organizational opportunities have been held to manage pressures such as the anticipated NHL playoffs. This is marginally offset by HELP planning to hire social workers for the program in 3rd quarter of 2020, ahead of the previous Quarter 1, 2021 schedule, and increase in PICS online service and credit card processing fees, which is expected to generate additional revenue.

Notes:

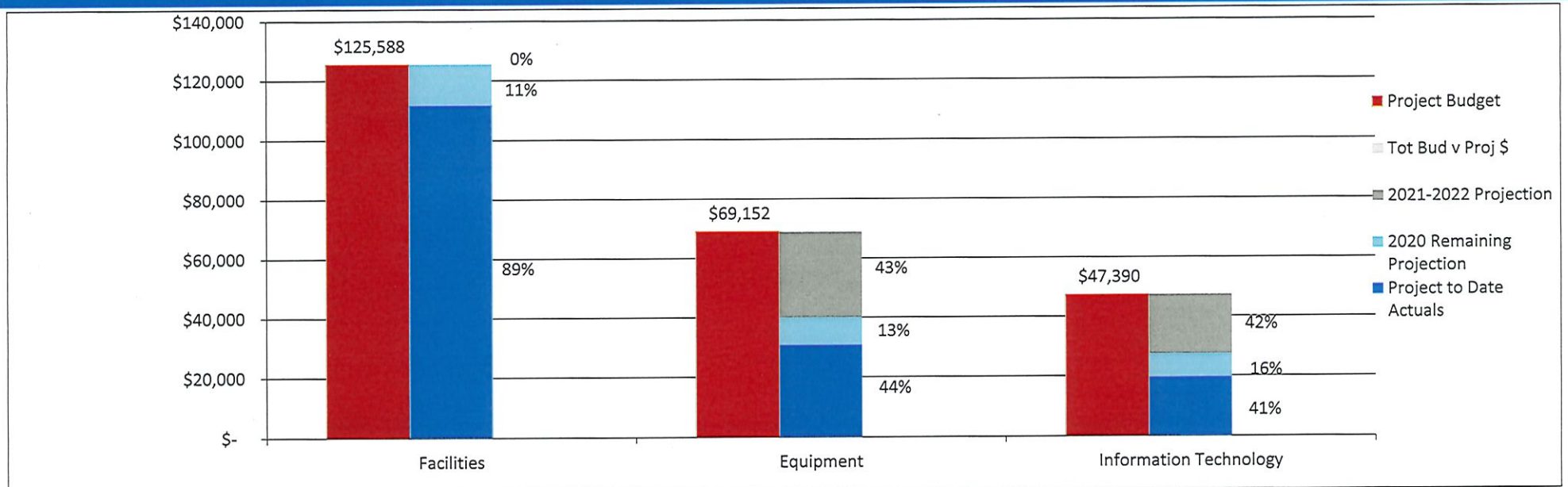
(1) TCA refers to Tangible Capital Assets, where budget is held to cover capital-qualifying expenses for purchases such as vehicles and/or information technology projects.

(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. During the 2020 Spring SCBA, \$2.179 million was transferred to the EPS Reserve for Alberta First Responders Radio Communications System (AFRRS). The total balance of the EPS Reserve as at June 30, 2020 was \$4.246 million (\$2.001 million is restricted).

| 2019 Year-to-Date | | | | | 2019 Year-End | | | | |
|---------------------------------------|---------|---------|-------------|------|---------------------------------------|---------|---------|-------------|-------|
| | Budget | Actual | Variance \$ | % | | Budget | Actual | Variance \$ | % |
| Revenue | 34,704 | 34,955 | 251 | 0.7% | Revenue | 96,957 | 94,470 | (2,487) | 3.8% |
| Expense | 220,553 | 219,696 | 857 | 0.4% | Expense | 454,581 | 451,011 | 3,570 | 0.8% |
| Transfer to/from EPS Reserve (Note 2) | - | - | - | 0.0% | Transfer to/from EPS Reserve (Note 2) | - | 1,083 | (1,083) | 0.0% |
| Net Position | 185,849 | 184,741 | 1,108 | 0.6% | Net Position | 357,624 | 357,624 | - | -0.8% |

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending June 30, 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) | \$ 2,297 | \$ 111,928 | \$ 15,889 | \$ - | \$ 125,521 | \$ 109,631 | \$ 15,957 | \$ - | \$ 125,588 | \$ 67 |
| Equipment (Note 2) | \$ 7,273 | \$ 30,701 | \$ 16,516 | \$ 28,936 | \$ 68,880 | \$ 23,428 | \$ 22,591 | \$ 23,133 | \$ 69,152 | \$ 272 |
| Information Technology (Note 3) | \$ 4,239 | \$ 19,484 | \$ 12,054 | \$ 20,090 | \$ 47,390 | \$ 15,245 | \$ 16,522 | \$ 15,623 | \$ 47,390 | \$ - |
| | \$ 13,809 | \$ 162,113 | \$ 44,460 | \$ 49,026 | \$ 241,791 | \$ 148,304 | \$ 55,070 | \$ 38,756 | \$ 242,130 | \$ 339 |



* The 2020 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, 2020**

1 Facilities

- Northwest Campus funding of \$8.000M has been approved for roof replacement. Work has begun and anticipated completion is the end of Q4 2020. Once the City of Edmonton (COE) is confident the roofing issues have been resolved, an in-service date will be determined.
- Construction of Westwood Central Stores Renovation is underway and anticipated to be completed by Q4.

2 Equipment

- Vendor selection has been completed for the Emergency Communication Centre IP Call Handling Project and is currently in contract negotiations. Based on current estimates, \$1.327M will carry forward to 2021 and the go-live date for the project is expected to be Q3 of 2021.
- EPS took delivery of the new H125 helicopter in Q2 2020 and the final payments have been made. Installation of the mission equipment is expected to be completed by the end of Q3 with an anticipated in-service date of Q4. It is estimated this project will be under budget by \$0.272M.
- The Public Safety Radio Network project is 93% complete. COVID-19 has added further delays to extended coverage, audio recorder and SUMS backup. Implementation of extended coverage and decommissioning has been extended to December 2020. There may be a potential overspend in the project due to schedule delays and scope changes for SUMS/FX and NICE audio recorder.
- Vehicle orders are being submitted later than usual for delivery in late 2020 or early 2021 due to COVID-19 plant shut downs. It is anticipated there will be a carry forward of \$4.558M to 2021.

3 Information Technology

- IT Application and Infrastructure Sustainment expenditures to date include CAD 9.4 upgrade, Line-of-Business Lifecycle, Application Modernization, OICC Situational Awareness, E-ticketing, Source Management Witness Protection project, storage hardware, and mobile workstation 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. Approximately \$4.467M may be carried forward to 2021, the majority of which is for the on-premise metered storage hardware solution.
- The DAMS Enterprise Content Management System surveillance notes and multi media integration moved to pilot, and Administrative Records Rollout project was put on hold due to COVID-19.