



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2022 May 02

SUBJECT: Budget Variance for the Period Ending March 31, 2022

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 for the period ending March 31, 2022.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending March 31, 2022 indicate a net deficit position of \$5.130 million or 5.1% (revenue shortfall of \$2.217 million and an expense overspend of \$2.913 million).

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

The overspend in Personnel expense is primarily the result of maintaining minimum staffing models due to COVID-19.

The main causes of the underspend in non-personnel costs are detailed in Attachment I.

Capital Results

This is the last year of the four-year Capital budget (2019 to 2022) and the results indicate a projected budget carry forward to 2023 of \$7.798 million for standalone projects and composite projects that have contractual commitments. The carry forward is

predominantly related to vehicle orders being delayed due to parts shortages and manufacturing shutdowns, Northwest Campus outstanding legal fees and holdbacks, and Information Technology infrastructure storage and backup hardware solution.

CONCLUSION:

The year-end forecast projects an operating deficit of \$0.075 million (\$2.820 million underspend from current year operations, partially offset by the Operating Reserve deficit of \$2.895 million).

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 *RD*

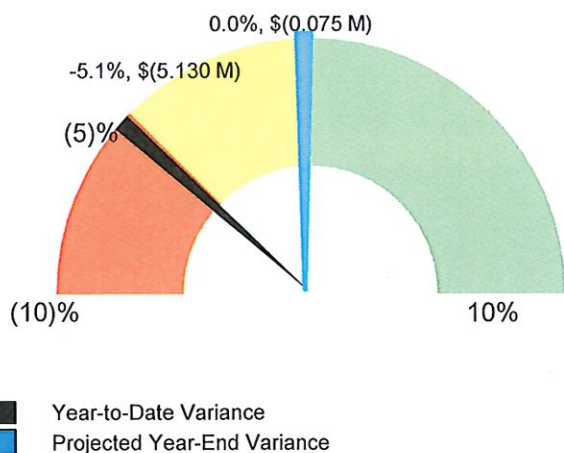
Approved By: AI MURPHY, Deputy Chief, Corporate Services Bureau *AI Murphy*

Chief of Police:   **A/CAO Rob Davidson**
Corporate Services Bureau *Rob Davidson*

Date: _____

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending March 31, 2022

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



	Year-to-Date			
	Budget	Actual	Variance \$	%
Revenue	18,650	16,434	(2,217)	-11.9%
<i>Personnel</i>	99,134	102,489	(3,355)	-3.4%
<i>Non-Personnel</i>	19,831	19,390	442	2.2%
Expense	118,965	121,879	(2,913)	-2.4%
Net Position	100,315	105,445	(5,130)	-5.1%

	Projected Year-End			
	Budget	Actual	Variance \$	%
Revenue	97,800	96,391	(1,409)	-1.4%
<i>Personnel</i>	393,884	391,445	2,439	0.6%
<i>Non-Personnel</i>	82,433	80,643	1,790	2.2%
Expense	476,317	472,088	4,229	0.9%
TCA (Note 1)	6,293	6,293	-	0.0%
Transfer to/(from) EPS				
Reserve (Note 2)	-	2,895	(2,895)	
Net Position	384,810	384,885	(75)	0.0%

Year-to Date

Revenue - The under budget position is the result of lower Traffic Safety Act revenues due to a lower number of tickets issued. Also contributing to this position is less demand for Extra Duty Services, and fewer tows of seized vehicles offset by lower non-personnel expenses.

Personnel - The over budget position is due to higher salary and benefit costs across the organization, and increased overtime due to maintaining minimum staffing within the Community Policing Bureau (CPB), and the Emergency Communication and Management Branch (ECOMB).

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 budget position are lower maintenance, custodial, travel, and training costs.

Year-End Projection

Revenue - The same as year to date, partially offset by a projected increase due to a new Provincial Grant for the HELP program.

Personnel - The under budget position is due to a projected increase in vacation taken partially offset by higher overtime due to maintaining minimum staffing and NHL Playoffs.

Non-Personnel - The same as year to date.

	2021 Year-to-Date				2021 Year-End				
	Budget	Actual	Variance \$	%	Budget	Actual	Variance \$	%	
Revenue	19,233	16,875	(2,358)	-12.3%	Revenue	100,214	92,899	(7,315)	-7.3%
Expense	116,505	119,427	(2,922)	-2.5%	Expense	488,832	488,906	(74)	0.0%
Transfer to/from EPS	-	-	-	0.0%	Transfer to/from EPS	-	(7,389)	7,389	0.0%
Reserve (Note 2)					Reserve (Note 2)				
Net Position	97,272	102,552	(5,280)	-5.4%	Net Position	388,618	388,618	-	0.0%

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending March 31, 2022

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.

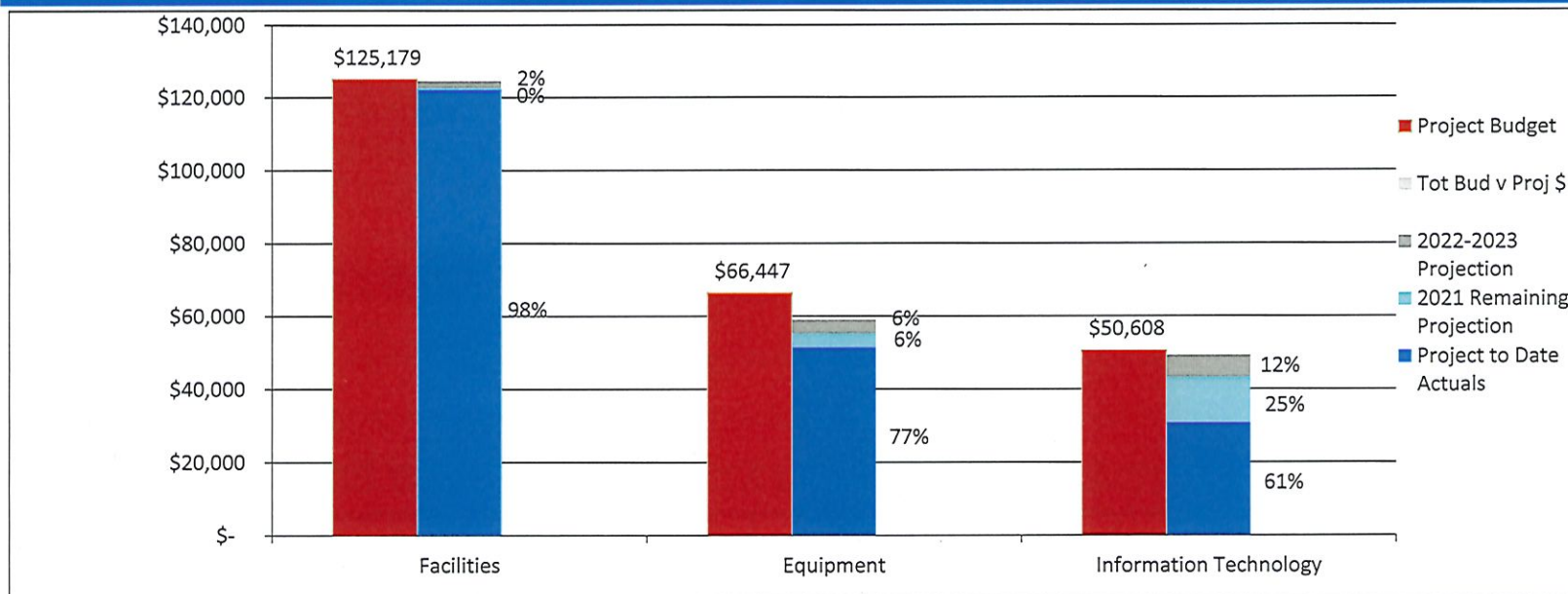
(2) On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget. The strategy may include replenishing the reserve with any unplanned one-time revenues, adjustments to capital priorities and managing operating expenditures.

The balance in the EPS Operating Reserve as at December 31, 2021 is a deficit of \$2.895 million, which is comprised of the following annual results:

- 2018 \$1.162 million
- 2019 \$1.083 million
- 2020 \$2.249 million
- 2021 (\$7.389) million

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending March 31, 2022 (\$000's)

Profile Category	2022 Actuals	Project To Date Actuals	2022 Projection	2023-2024 Projection	Total Projection	Approved Budget Prior Years	2022 Approved Budget	2023-2024 Approved Budget	Total Approved Budget	Total Bud vs Proj \$
Facilities (Note 1)	\$ 262	\$ 122,199	\$ 1,241	\$ 2,001	\$ 125,179	\$ 121,937	\$ 3,242	\$ -	\$ 125,179	\$ -
Equipment (Note 2)	\$ 2,055	\$ 51,438	\$ 13,167	\$ 3,897	\$ 66,447	\$ 49,383	\$ 17,064	\$ -	\$ 66,447	\$ -
Information Technology (Note 3)	\$ 3,385	\$ 30,778	\$ 17,145	\$ 6,070	\$ 50,608	\$ 27,393	\$ 19,045	\$ 4,170	\$ 50,608	\$ -
	\$ 5,702	\$ 204,415	\$ 31,553	\$ 11,968	\$ 242,234	\$ 198,713	\$ 39,351	\$ 4,170	\$ 242,234	\$ -



* The 2022 budget includes the requested Spring Supplemental Capital Budget Adjustments.

**Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending March 31, 2022**

1 Facilities

- There is additional equipment modifications outstanding in 2022. It is anticipated that budget of \$2.001 million will be carried forward to 2023 for legal fees and holdbacks.

2 Equipment

- The Emergency Communication Centre IP Call Handling Project is on target and the go-live date for the project is expected to be Q2 of 2022.
- Delivery of vehicle orders are delayed due to parts shortages and manufacturing shutdowns. Budget of \$3.897 million is anticipated to be committed by the end of the year and carried forward to 2023 to complete the fit up of vehicles.
- The In-Car Video pilot project is progressing and on track.
- Contract has been approved with the vendor for Automated Fingerprint Identification System (AFIS). Design phase will occur during Q2 and implementation is expected in Q4 2022.

3 Information Technology

- Application Enhancement major expenditures include Administrative Penalty Information System (APIS) Adoption, Facial Recognition and Enterprise Project Management Software Implementation. There have been delays in project schedules due to interdependent projects that must complete first but overall the Application Sustainment and Enhancement profile actual expenditures are on track.
- Infrastructure Sustainment hardware quotes have been requested but delivery will likely be delayed until 2023 due to global supply chain issues. Approximately budget of \$1.900 million will be carried forward to 2023 for the committed Hewlett Packard Enterprises Greenlake infrastructure storage and backup hardware solution.
- Enterprise Commons (EC) estimated completion date is end of Q4 2022. Work to develop an EC systems interface is in progress however the timeline may be extended due to issues identified during testing. A timeline extension will increase the overall cost of the project. Scope changes for CAD-RMS Integration, Modernization & Maximization (CRIMM) include real time analytics and application integration. Expenditures to date are information technology and business resources. Project completion is expected by Q4 2023.