



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2022 October 31

SUBJECT: Budget Variance for the Period Ending September 30, 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 September 30, 2022.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending September 30, 2022 indicate a net surplus position of \$1.583 million or 0.5% (revenue shortfall of \$1.943 million offset by an expense underspend of \$3.526 million).

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

The underspend in Personnel expense is primarily the result of increased vacation taken.

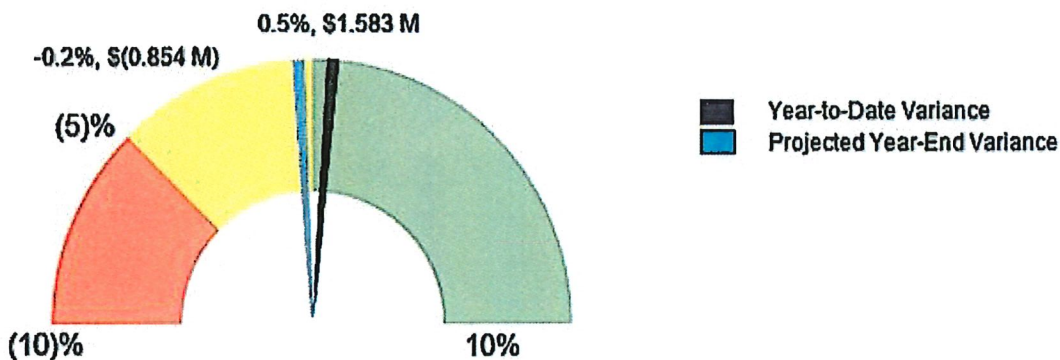
The main causes of the underspend in non-personnel costs are detailed in Attachment II.

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 \$13.304 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, Information Technology infrastructure storage and backup hardware solution and network and wireless equipment, Northwest Campus outstanding legal fees and holdbacks, CAD-RMS Integration, Modernization & Maximization (CRIMM), and the Enterprise Commons project.

CONCLUSION:

The year-end forecast projects an operating deficit of \$0.854 million (\$2.041 million underspend from current year operations, offset by the Operating Reserve deficit of \$2.895 million).



ADDITIONAL INFORMATION ATTACHED:

Attachments:

1. Operating Budget Variance by Major Category of Revenue & Expenditures
2. Explanation of Variances by Major Category of Expenditures and Revenues
3. Capital Budget Performance
4. Capital Budget Performance Explanations

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A/ Chief of Police: Devn Laborce

Date: 2022 Nov 01



Edmonton Police Service
Budget Variance by Major Category of Revenues & Expenditures
For the Period Ending September 30, 2022
(\$000's)

	Current Period				2021 Year to Date				2022 Year to Date				Year End Forecast			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Projected	Variance	%
Revenue																
Traffic Safety Act Fines (Note 1)	\$ 883	\$ 635	\$ (248)	-28.1%	\$ 9,153	\$ 7,238	\$ (1,915)	-20.9%	\$ 8,744	\$ 5,923	\$ (2,821)	-32.3%	\$ 11,198	\$ 7,760	\$ (3,438)	-30.7%
Transfer from Reserve (OTS) (Note 2)	-	-	-		16,719	16,719	-	0.0%	16,719	16,719	-	0.0%	22,292	22,292	-	0.0%
Provincial Grants (Note 3)	308	728	420	136.4%	2,771	2,553	(218)	-7.9%	2,775	3,344	569	20.5%	29,757	31,191	1,434	4.8%
Other Revenue (Note 4)	\$ 3,035	\$ 3,045	\$ 10	0.3%	\$ 26,984	\$ 23,190	\$ (3,793)	-14.1%	\$ 26,459	\$ 26,767	\$ 309	1.2%	\$ 35,048	\$ 34,761	\$ (287)	-0.8%
Secondments	1,097	1,160	63	5.7%	9,700	10,123	423	4.4%	10,241	10,217	(24)	-0.2%	13,694	13,644	(50)	-0.4%
Tow Lot	595	545	(50)	-8.4%	5,250	4,146	(1,104)	-21.0%	5,362	4,598	(764)	-14.3%	7,150	6,290	(860)	-12.0%
PICS and Alarm Control	648	571	(76)	-11.8%	4,727	4,320	(406)	-8.6%	5,130	4,779	(350)	-6.8%	6,785	6,373	(412)	-6.1%
Extra Duty	263	332	69	26.2%	2,216	641	(1,575)	-71.1%	2,216	2,392	176	7.9%	3,349	3,000	(349)	-10.4%
E911 Fees	113	114	1	1.2%	1,312	1,043	(269)	-20.5%	1,013	999	(14)	-1.3%	1,350	1,336	(14)	-1.0%
School Resource Officer (SRO)	223	394	171	76.5%	2,100	860	(1,240)	-59.1%	818	941	123	15.0%	818	941	123	15.0%
Other	95	(72)	(167)	-175.4%	1,678	2,057	379	22.6%	1,679	2,841	1,162	69.2%	1,902	3,177	1,275	67.0%
Total Revenue	4,226	4,408	182	4.3%	65,627	49,700	(5,926)	-10.7%	64,697	62,753	(1,943)	-3.6%	98,295	96,004	(2,291)	-2.3%
Expense																
Personnel																
Salary and benefits (Note 5)	31,319	31,227	92	0.3%	278,697	284,353	(5,656)	-2.0%	286,401	282,008	4,393	1.5%	383,491	378,336	5,155	1.3%
EPS Overtime (Note 6a)	688	1,380	(692)	-100.5%	7,240	7,475	(235)	-3.2%	7,488	11,883	(4,395)	-58.7%	10,145	15,549	(5,404)	-53.3%
External Overtime (Note 6b)	170	64	106	62.3%	306	748	(442)	-144.4%	306	299	7	2.3%	407	399	8	2.0%
	32,177	32,671	(494)	-1.5%	286,243	292,576	(6,333)	-2.2%	294,195	294,190	5	0.0%	394,043	394,284	(241)	-0.1%
Non-Personnel																
Furniture, equipment, IT, materials and supplies (Note 7)	1,500	1,450	50	3.3%	13,865	12,952	913	6.6%	16,491	15,467	1,024	6.2%	21,238	20,726	512	2.4%
Contracts and services (Note 8)	2,566	2,408	158	6.2%	19,052	15,644	3,408	17.9%	19,386	19,084	302	1.6%	27,425	26,592	833	3.0%
Vehicles (Note 9)	943	710	233	24.7%	6,554	6,404	150	2.3%	6,482	6,479	3	0.0%	8,652	9,103	(451)	-5.2%
Facilities (Note 10)	1,913	2,351	(438)	-22.9%	16,817	14,623	2,194	13.0%	16,340	15,168	1,172	7.2%	24,337	21,253	3,084	12.7%
Other Expenditures (Note 11)	314	318	(4)	-1.3%	4,242	3,110	1,131	26.7%	2,792	1,771	1,020	36.6%	5,191	4,596	595	11.5%
	7,236	7,237	(1)	0.0%	60,530	52,733	7,796	12.9%	61,491	57,969	3,521	5.7%	86,843	82,270	4,573	5.3%
Total Expense	39,413	39,908	(495)	-1.3%	346,773	345,309	1,463	0.4%	355,686	352,159	3,526	1.0%	480,886	476,654	4,232	0.9%
Position before Adjustments	35,187	35,600	(313)	-0.9%	291,146	295,609	(4,463)	-1.5%	300,989	299,406	1,583	0.5%	382,591	380,650	2,041	0.5%
Tangible Capital Assets Budget adjustment (Note 13)													6,154	6,154	-	0.0%
Transfer to/(from) EPS Reserve (Note 14)													-	2,895	(2,895)	
Net Position	\$ 35,187	\$ 35,600	\$ (313)	-0.9%	\$ 291,146	\$ 295,609	\$ (4,463)	-1.5%	\$ 300,989	\$ 299,406	\$ 1,583	0.5%	\$ 388,745	\$ 389,599	\$ (854)	-0.2%

Other Revenue includes fines (Gaming and Liquor, Other Bylaw Violations), sales of unclaimed goods, and revenue due from Public Safety Canada (PSC) for 2022 Papa Visit.

Edmonton Police Service

Explanation of Variances by Major Category of Expenditures and Revenues – Notes

For the Period Ended September 30, 2022

1. Traffic Safety Act (TSA) Fines Revenue

Revenue generated by officer issued tickets under the Traffic Safety Act.

Year to Date – Under budget as a result of lower than expected number of tickets issued. As courts reopen from the pandemic, Traffic members are spending increased time in court to address prior year incidents, which has resulted in a decline of issued tickets. In addition, members have further been diverted to other operations which further decreases tickets issued. If volumes increase, collections can continue to be delayed.

Forecast – Same as year to date.

2. Transfer from Reserve - Office of Traffic Safety (OTS)

Transfers from the Traffic Safety and Automated Enforcement Reserve (TSAER). Transfers were approved as part of the 2019-2022 operating budget, in addition to the annual tax levy funding provided by the City.

Year to Date – Quarterly transfers from the OTS and the third payment was received in July.

Forecast – No variance is expected.

3. Provincial Grants

Provincial Grants include the Policing Support Grant which combines the former Municipal Policing Assistance Grant and the Police Officer Grant. Other grants include the E911 Grant, Victim Services Grant, Drug Impairment Grant, Indigenous Grant, HELP Grant, and Virtual Opioid Dependency Program Grant.

Year to Date – Over budget due to additional E911 Grant revenues recognized, receipt of the Drug Impairment Training program, and HELP program Grants.

Forecast – The same as above, further increased by the new Virtual Opioid Dependency program Grant.

4. Other Revenue

Other revenue includes Secondments revenue, and revenues associated with user fees for services provided.

Secondments revenue is primarily generated from Alberta Law Enforcement Response Team (ALERT) and Alberta Serious Incident Response Team (ASIRT) for EPS members seconded to these organizations. User fees revenue include Tow Lot revenue, Police Information Check Section (PICS), Alarm Control, Extra Duty, E911 landline fees, School Resource Officers, gaming and liquor fines, other Bylaw violations, and sales of unclaimed goods.

Year to Date – The over budget position is the result of increased demand for Extra Duty services as Edmonton festivals and events return to pre-pandemic levels, and for revenue due from Public Safety Canada (PSC) for the policing support provided during the 2022 Papal visit.

Forecast – Forecasting to be under budget mainly due to decreased Tow Lot and PICS revenue, which are both offset by a projected decrease in contracts and services.

5. Salary and Benefits

Wages and Benefits for all EPS employees based on collective bargaining agreements. All agreements are unsettled from the start of 2021; the Edmonton Police Association (EPA), the Senior Officers Association (SOA), and Civic Service Union 52 (CSU 52)

Includes base salary, acting pay, shift differential, court time, standby pay, pension, medical, dental, group life insurance, allowances (boot, health care spending), and statutory holiday pay per collective agreements. The salaries and benefits of employees seconded to external organizations are incurred as an expense and recovered through Secondments revenue.

Year to date – Under budget due to an increase in vacation taken, higher than expected attrition and vacancies, lower court time. This is offset by unfavorable overtime.

Forecast – The same as year to date.

The sworn member attrition position for the nine months of the year is:

Attrition	September	September YTD	Full Year
Original Projection	5	45	60
Actual & Updated Projection	11	78	100

As of October 19, 2022, forty-three sworn members have tendered their resignation and forty-six announced their retirement, for an attrition total of eighty-nine. Of these, seventy-eight were no longer on the payroll as of September 30, 2022.

6a. EPS Overtime

EPS overtime costs are paid in accordance with collective bargaining agreements and primarily related to maintaining minimum staffing or operational requirements.

Year to date – Over budget due to maintaining minimum staffing in the Community Policing Bureau (CPB), and the Emergency Communication and Operations Management Branch (ECOMB). Also contributing to the over budget position are increased costs required for staffing the Freedom Convoys, NHL playoffs and the 2022 Papal Visit, which is offset by increased revenue due from PSC. This is offset by favorable salary and benefit costs.

Forecast – The same as year to date.

6b. External Overtime

External overtime costs are incurred by employees seconded to external organizations (ALERT, ASIRT, etc.). These costs are recovered through Secondments revenue.

Year to date – Slightly under budget.

Forecast – The same as year to date.

7. Furniture, Equipment, IT, Materials and Supplies

This category includes the purchases of uniforms and clothing, ammunition, stationery, medical supplies, computer software and hardware purchases and maintenance, and furniture and equipment.

Year to date – Under budget due to the timing of expenses for the purchases of IT equipment, and delays in the purchasing of other materials.

Forecast – Projecting to be under budget.

8. Contracts & Services

This category includes various contracted resources. Examples include Security Commissionaires, Extra Duty, Police Seized Vehicles towing fees, DNA analysis, HELP navigators, Legal Services, and Psychological Counseling.

Year to date – Under budget due to less demand for PICS and Tow Lot services which are offset by lower revenues; partially offset by higher Psychological Counseling costs and the costs incurred during the 2022 Papal visit which will be recovered through revenue due from PSC.

Forecast – The same as year to date.

9. Vehicle Costs

This category includes the expenses for vehicle repairs, maintenance, and fuel.

Year to date – Slightly under budget.

Forecast – Projecting to be over budget due to increased fuel and vehicle maintenance expenses.

10. Facilities

This category includes facility maintenance and custodial expenses for services provided by the City of Edmonton staff, external space rent, power, natural gas, and telephone charges.

Year to Date – Under budget due to lower than anticipated custodial and maintenance charges from the City of Edmonton.

Forecast – The same as above and funds held for the Public Private Partnership (P3) initiative to operate a future Training Facility.

11. Other Expenditures

This category includes travel and training expenditures, insurance premiums, debt servicing costs, and memberships.

Year to Date – Under budget primarily due to delays in travel and training.

Forecast – The same as year to date, partially offset by lower than anticipated insurance recoveries for damaged vehicles.

12. Tangible Capital Assets

Budget held to cover capital qualifying expenses for projects such as vehicles.

13. Transfer to/from EPS Reserve

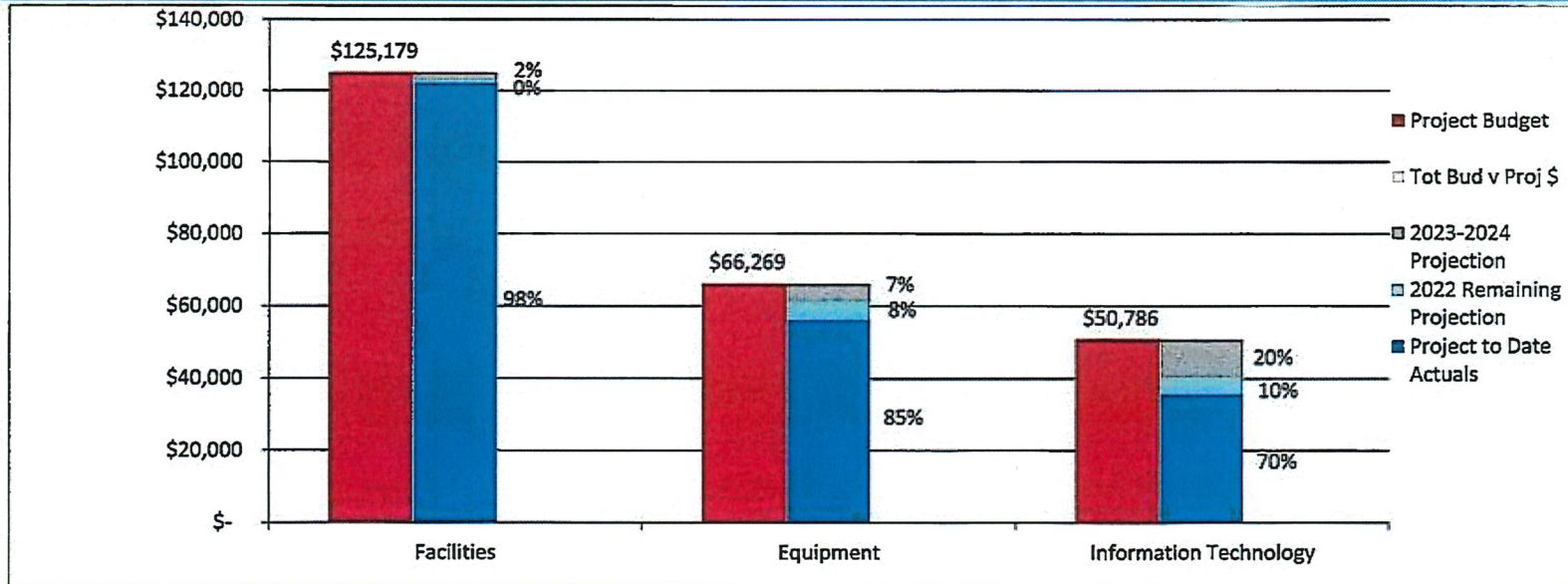
On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three 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 of 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 September 30, 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)	\$ 460	\$ 122,397	\$ 915	\$ 2,327	\$ 125,179	\$ 121,937	\$ 3,242	\$ -	\$ 125,179	\$ -
Equipment (Note 2)	\$ 6,702	\$ 56,085	\$ 12,014	\$ 4,873	\$ 66,270	\$ 49,383	\$ 16,886	\$ -	\$ 66,269	\$ -
Information Technology (Note 3)	\$ 8,264	\$ 35,657	\$ 13,119	\$ 10,274	\$ 50,786	\$ 27,393	\$ 19,223	\$ 4,170	\$ 50,786	\$ -
	\$ 15,426	\$ 214,139	\$ 26,048	\$ 17,474	\$ 242,235	\$ 198,713	\$ 39,351	\$ 4,170	\$ 242,234	\$ -



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

**Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending September 30, 2022**

1 Facilities

- There is additional equipment modifications outstanding in 2022. It is anticipated that budget of \$2.327 million may be carried forward to 2023 and 2024 for legal fees and holdbacks.

2 Equipment

- The Emergency Communication Centre IP Call Handling Project was expected to go-live in Q2 of 2022. However, this has now been delayed to Q4 due to vendor technical issues encountered during testing. There is an estimated budget shortfall of \$0.233 million and an Administrative Supplemental Capital Budget Adjustment (SCBA) is requested to transfer budget from the IT Applications - Sustainment, IT Applications - Enhancement and the Security Equipment Lifecycle profiles.
- Delivery of vehicle orders are delayed due to parts shortages and manufacturing shutdowns. Budget of \$4.467 million is anticipated to be committed by the end of the year and carried forward to 2023 for the delivery of the remaining vehicles and fit up.
- The In-Car Video pilot project is progressing and on track. The remaining budget is expected to be utilized by the end of the year.
- The design phase of the Automated Fingerprint Identification System (AFIS) project is in progress and is expected to be completed by Q4 2022. It is anticipated that budget of \$0.406 million may be carried over to 2023 for the implementation of the solution in Q2.

3 Information Technology

- Application Enhancement major expenditures include Administrative Penalty Information System (APIS) Adoption, Facial Recognition and Enterprise Project Management Software Implementation. There are projected underspends of \$0.168 million for Applications Sustainment and \$0.253 million for Applications Enhancement and an administrative SCBA is requested to transfer the amounts to the Telecom Life Cycle profile for completion of the IP Call Handling project and IT Infrastructure profile for the 3rd Data Centre project and Hewlett Packard Enterprises Greenlake infrastructure storage and backup solution.
- Infrastructure Sustainment expenditures include infrastructure lifecycle and infrastructure software. Hardware has been ordered but delivery will likely be delayed until 2023 due to global supply chain issues. There is a projected overspend of \$0.599 million for the 3rd Data Centre project and Hewlett Packard Enterprises Greenlake infrastructure storage and backup solution and an administrative SCBA is requested to transfer amounts from the IT Applications-Enhancement and Security Equipment profile. Estimated budget of \$3.124 million may be carried forward to 2023 for committed network and wireless equipment and for the Hewlett Packard Enterprises Greenlake infrastructure storage and backup hardware.
- The Enterprise Commons project replanning and reset was completed in Q3 2022. The vendor and the COE are developing the revised integrated project schedule and is expected to be published by the end of October 2022. It is anticipated that budget of \$1.480 million may be carried over to 2023.
- CAD-RMS Integration, Modernization & Maximization (CRIMM) scope changes include real time analytics and application integration. Expenditures to date are information technology and business resources. Project completion is expected by Q4 2023. It is anticipated that budget of \$1.500 million may be carried over to 2023.