



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2021 November 1

SUBJECT: Budget Variance for the Period Ending September 30, 2021

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, 2021.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending September 30, 2021 indicate a net deficit position of \$4.463 million or 1.5% (revenue shortfall of \$5.926 million and an expense underspend of \$1.463 million).

The overspend in Personnel expense is primarily the result of higher salary costs due to decreases in vacation taken in the first half of the year.

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

The main causes of the underbudget position in non-personnel costs are detailed in Attachment I and include lower than anticipated contract and services, custodial, and maintenance costs provided by the City of Edmonton.

COVID-19 Financial Impact

For the period ending September 30, 2021 in (\$000's)

	2020 Year-End	2021	Total
Lost Operational Hours	83,579	30,409	113,987
Lost Operational Hours in Days (based on 10 hour day)	8,358	3,041	11,399
Financial Impact	\$4,253	\$1,548	\$5,801
Other costs *	\$1,171	\$546	\$1,717
Total Financial Impact	\$5,425	\$2,094	\$7,518

* Other costs include overtime, custodial and personal protective equipment.

The total of 113,987 lost operational hours is equivalent to 55 FTEs.

Capital Results

This is the third year of the four-year Capital budget (2019 to 2022) and the results indicate a projected budget carry forward to 2022 of \$21.383 million. The carry forward is primarily related to Information Technology infrastructure storage and backup hardware solution, vehicles orders being delayed due to parts shortages and manufacturing shutdowns, the In-Car Video project vendor selection and award is expected by Q1 2022 and Northwest Campus outstanding legal fees and holdbacks.

CONCLUSION:

The year-end forecast projects an operating deficit of \$6.555 million. This is the result of projected revenue shortfalls and increased personnel costs.

In accordance with EPS Reserve Policy, this deficit will be partially funded 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 

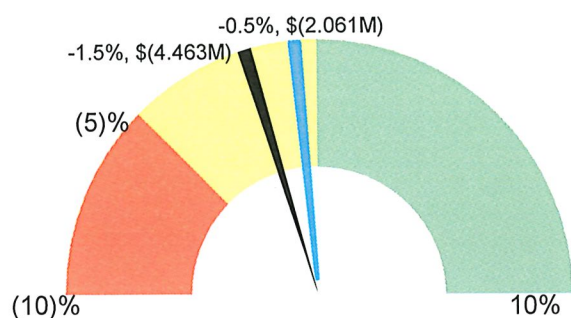
Approved By: Darren DERKO, Deputy Chief, Corporate Services Bureau 

Chief of Police:  _____

Date: Oct 21/21 _____

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending September 30, 2021

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



	Year-to-Date			
	Budget	Actual	Variance \$	%
Revenue	55,627	49,700	(5,926)	-10.7%
<i>Personnel</i>	286,243	292,576	(6,333)	-2.2%
<i>Non-Personnel</i>	60,530	52,733	7,796	12.9%
Expense	346,773	345,309	1,463	0.4%
Net Position	291,146	295,609	(4,463)	-1.5%

	Projected Year-End			
	Budget	Actual	Variance \$	%
Revenue	99,510	92,556	(6,954)	-7.0%
<i>Personnel</i>	386,026	391,587	(5,561)	-1.4%
<i>Non-Personnel</i>	81,610	75,650	5,960	7.3%
Expense	467,636	467,237	399	0.1%
TCA (Note 1)	18,406	18,406	-	0.0%
Transfer to/(from) EPS				
Reserve (Note 2)	-	(4,494)	4,494	
Net Position	386,532	388,593	(2,061)	-0.5%

- Year-to-Date Variance
- Projected Year-End Variance

Year-to Date

Revenue - The under budget position is the result of lower Traffic Safety Act revenues, which are due to a lower number of tickets issued and compared to the same period in 2020, there have been approximately 11% less tickets issued in 2021. Less demand for Extra Duty services and fewer tows of seized vehicles, partially offset by lower contract and service costs. Also contributing to this position is decrease in revenue for the School Resource Officer program as the Edmonton Public School Board has suspended the program. Secondment revenue for Alberta Law Enforcement Response Teams (ALERT) is favorable, offset by increased overtime costs.

Personnel - The over budget position is due to higher salary costs because of less vacation taken and less attrition than anticipated in the first half of the year. Increased overtime costs for ALERT, which are offset by increased revenue, are also contributing to the unfavorable position. EPS overtime is over budget due to minimum staffing due to COVID required isolations and vacancies.

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 is lower maintenance and custodial, travel, and training costs.

Year-End Projection

Revenue - The same as year to date and a projected decrease in revenue due to lower demand of Police Information Checks (PICS) as a result of the pandemic.

Personnel - The same as year to date.

Non-Personnel - The same as year to date offset by required COVID-19 personal protective equipment purchases.

	2020 Year-to-Date				2020 Year-End				
	Budget	Actual	Variance \$	%	Budget	Actual	Variance \$	%	
Revenue	66,841	63,846	(2,995)	-4.5%	Revenue	96,946	92,862	(4,084)	3.8%
Expense	340,281	336,345	3,936	1.2%	Expense	473,953	467,620	6,333	1.3%
Transfer to/from EPS	-	-	-	0.0%	Transfer to/from EPS	-	2,249	(2,249)	0.0%
Reserve (Note 2)					Reserve (Note 2)				
Net Position	273,440	272,499	941	0.3%	Net Position	377,007	377,007	-	0.0%

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending September 30, 2021

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.

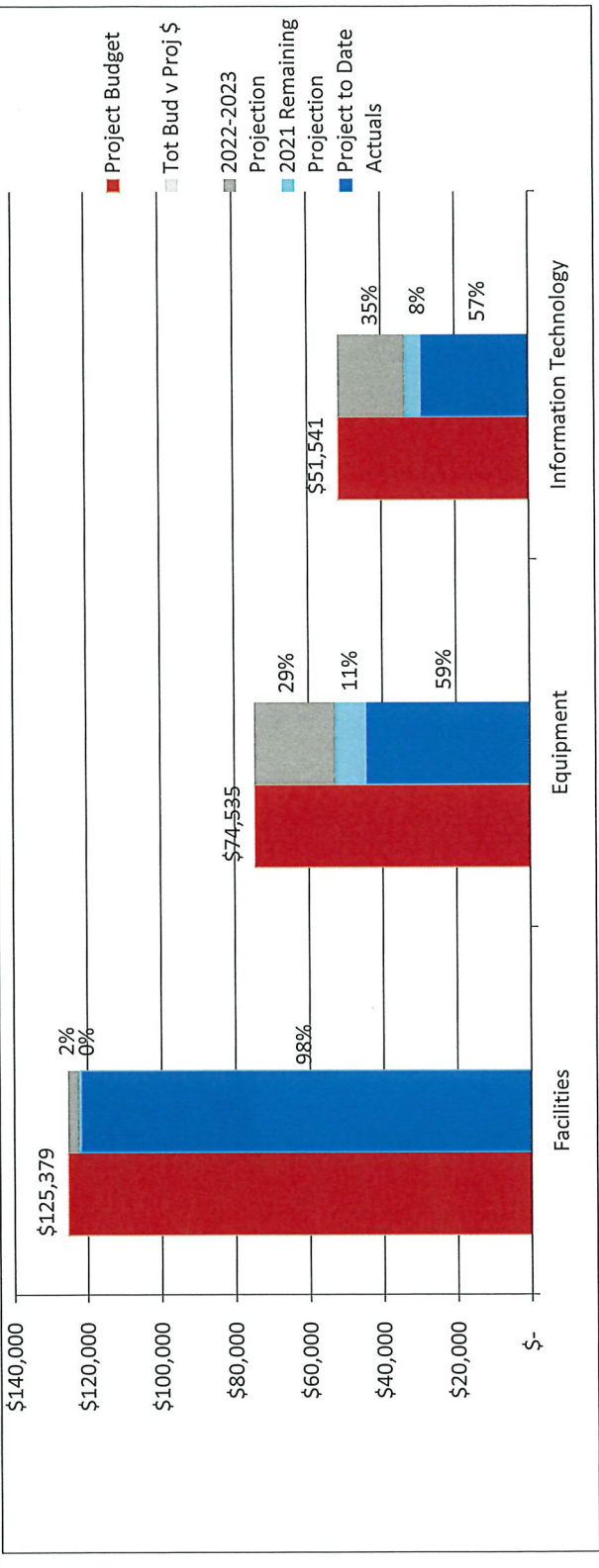
The unrestricted balance in the EPS Operating Reserve as at December 31, 2020 is \$4.494 million which is comprised of the following annual transfers:

- 2018 \$1.162 million
- 2019 \$1.083 million
- 2020 \$2.249 million

The total balance in the EPS Operating Reserve as at December 31, 2020 is \$7.034 million of which \$2.540 million is restricted for Alberta First Responders Radio Communications System (AFRRCS) Government of Alberta access fee and ongoing Information Technology software subscription, maintenance and support costs.

Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending September 30, 2021 (\$000's)

Profile Category	2021 Actuals	Project To Date Actuals	2021 Projection	2022-2024 Projection	Total Projection	Approved Budget Prior Years	2021 Approved Budget	2022-2023 Approved Budget	Total Approved Budget	Total Bud vs Proj \$
Facilities (Note 1)	\$ 681	\$ 121,726	\$ 1,259	\$ 3,075	\$ 125,379	\$ 121,045	\$ 4,334	\$ -	\$ 125,379	\$ -
Equipment (Note 2)	\$ 4,107	\$ 44,203	\$ 12,543	\$ 21,896	\$ 74,535	\$ 40,096	\$ 23,727	\$ 10,712	\$ 74,535	\$ -
Information Technology (Note 3)	\$ 6,397	\$ 29,121	\$ 10,722	\$ 18,095	\$ 51,541	\$ 22,724	\$ 17,846	\$ 10,971	\$ 51,541	\$ -
	\$ 11,185	\$ 195,050	\$ 24,524	\$ 43,066	\$ 251,455	\$ 183,865	\$ 45,907	\$ 21,683	\$ 251,455	\$ -



* The 2021 budget includes amounts requested in the Fall Supplemental Capital Budget Adjustment (SCBA).

**Edmonton Police Service
Capital Budget Performance
Financial Report for the Period Ending September 30, 2021**

1 Facilities

- There is additional equipment, networking and security system modifications outstanding for Northwest Campus. It is anticipated that budget of \$3.075 million will be carried forward to 2022 for legal fees and holdbacks.
- Equipment purchases and minor work remaining for Westwood Central Stores is in progress. There may be an underspend but the amount will be confirmed once the final expenditures are processed.

2 Equipment

- The Emergency Communication Centre IP Call Handling Project is in progress and the vendor is scheduled to install equipment at EPS in Q4 2021. The go-live date for the project is expected to be Q1 of 2022. It is anticipated that budget of \$1.097 million may be carried over to 2022.
- The Public Safety Radio project is in the acceptance phase and remaining payments are expected to be made in Q4. Due to scope changes for the NICE Audio Recorder and schedule delays, there is an estimated overspend of \$0.100 million and budget may be transferred from the Radio Lifecycle profile
- Delivery of vehicle orders are delayed due to parts shortages and manufacturing shutdowns and may not be received until later in the year or in 2022. It is anticipated that budget of \$4.659 million will be carried over to 2022.
- The Request for Proposal (RFP) for In-Car Video has been released and vendor selection and award is expected to be completed by the end of Q1 2022. The majority of expenditures will occur in early 2022. Current projections indicate that budget of \$4.360 million may be carried over to 2022.
- Proof of concept work for the Automated Fingerprint Identification System project is planned for the last quarter with the majority of implementation in 2022. The expected go live date is Q4 2022. It is anticipated that budget of \$0.990 million may be carried over to 2022.

3 Information Technology

- IT Application and Infrastructure Sustainment major expenditures include Health IM, e-Ticketing and Implementation Video Management. Current projections indicate \$5.666 million may be carried forward to 2022, the majority of which is for the infrastructure storage hardware solution.
- Enterprise Commons and CAD-RMS Integration, Modernization & Maximization (CRIMM) expenditures to date are information technology and business resources. Current projections indicate that the budget of \$1.082 million for Enterprise Commons and \$0.375 million for CRIMM may be carried over to 2022.