



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2022 July 29

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

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending June 30, 2022 indicate a net deficit position of \$3.037 million or 1.5% (revenue shortfall of \$3.140 million and an expense underspend of \$0.103 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.

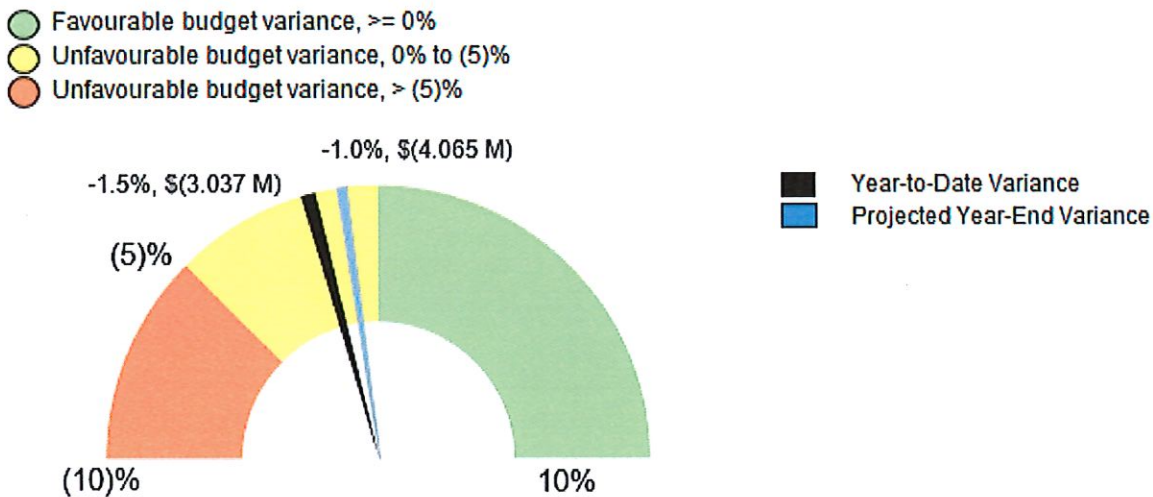
The main causes of the underspend in non-personnel costs are detailed in Attachment II.

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 \$7.402 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 \$4.065 million (\$1.170 million overspend from current year operations, further increased 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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Chief of Police: _____



Date: Aug 19, 20

Edmonton Police Service
Budget Variance by Major Category of Revenues & Expenditures
For the Period Ending June 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) | \$ 946 | \$ 726 | \$ (220) | -23.3% | \$ 6,306 | \$ 5,090 | \$ (1,216) | -19.3% | \$ 6,147 | \$ 4,020 | \$ (2,127) | -34.6% | \$ 11,198 | \$ 7,793 | \$ (3,405) | -30.4% |
| Transfer from Reserve (OTS) (Note 2) | - | - | - | | 11,146 | 11,146 | - | 0.0% | 11,146 | 11,146 | - | 0.0% | 22,292 | 22,292 | - | 0.0% |
| Provincial Grants (Note 3) | 308 | 224 | (84) | -27.3% | 1,847 | 1,690 | (157) | -8.5% | 1,850 | 1,930 | 80 | 4.3% | 29,757 | 30,984 | 1,227 | 4.1% |
| Other Revenue (Note 4) | \$ 2,971 | \$ 3,062 | \$ 91 | 3.1% | \$ 17,117 | \$ 15,409 | \$ (1,707) | -10.0% | \$ 17,758 | \$ 16,664 | \$ (1,093) | -6.2% | \$ 35,048 | \$ 35,269 | \$ 221 | 0.6% |
| Secondments | 1,147 | 1,335 | 187 | 16.3% | 6,605 | 7,109 | 504 | 7.6% | 7,059 | 7,143 | 83 | 1.2% | 13,687 | 14,180 | 492 | 3.6% |
| Tow Lot | 596 | 510 | (86) | -14.4% | 3,500 | 2,684 | (816) | -23.3% | 3,575 | 2,911 | (664) | -18.6% | 7,150 | 6,882 | (268) | -3.7% |
| PICS and Alarm Control | 607 | 638 | 31 | 5.2% | 2,784 | 2,759 | (25) | -0.9% | 3,289 | 3,136 | (153) | -4.7% | 6,785 | 6,732 | (53) | -0.8% |
| Extra Duty | 167 | 267 | 100 | 60.2% | 1,421 | 100 | (1,321) | -93.0% | 1,421 | 778 | (643) | -45.2% | 3,349 | 3,168 | (181) | -5.4% |
| E911 Fees | 113 | 101 | (11) | -9.9% | 875 | 679 | (196) | -22.4% | 675 | 610 | (65) | -9.6% | 1,350 | 1,215 | (135) | -10.0% |
| School Resource Officer (SRO) | - | - | - | | 495 | 505 | 10 | 1.9% | 595 | 545 | (51) | -8.5% | 818 | 934 | 116 | 14.2% |
| Other | 342 | 211 | (131) | -38.3% | 1,436 | 1,573 | 137 | 9.5% | 1,143 | 1,542 | 399 | 34.9% | 1,908 | 2,158 | 250 | 13.1% |
| Total Revenue | 4,225 | 4,012 | (213) | -5.0% | 36,416 | 33,335 | (3,080) | -8.5% | 36,901 | 33,760 | (3,140) | -8.5% | 98,295 | 96,338 | (1,957) | -2.0% |
| Expense | | | | | | | | | | | | | | | | |
| Personnel | | | | | | | | | | | | | | | | |
| Salary and benefits (Note 5) | 31,396 | 30,999 | 397 | 1.3% | 191,223 | 196,582 | (5,359) | -2.8% | 195,946 | 195,658 | 288 | 0.1% | 383,481 | 381,770 | 1,711 | 0.4% |
| EPS Overtime (Note 6a) | 770 | 1,270 | (500) | -65.0% | 4,466 | 4,305 | 161 | 3.6% | 4,583 | 7,081 | (2,498) | -54.5% | 10,145 | 13,459 | (3,314) | -32.7% |
| External Overtime (Note 6b) | 68 | 36 | 32 | 47.4% | 204 | 648 | (444) | -217.6% | 204 | 175 | 29 | 14.2% | 407 | 344 | 63 | 15.5% |
| | 32,234 | 32,305 | (71) | -0.2% | 195,893 | 201,535 | (5,642) | -2.9% | 200,733 | 202,914 | (2,181) | -1.1% | 394,033 | 395,573 | (1,540) | -0.4% |
| Non-Personnel | | | | | | | | | | | | | | | | |
| Furniture, equipment, IT, materials and supplies (Note 7) | 3,464 | 1,656 | 1,808 | 52.2% | 9,724 | 8,203 | 1,521 | 15.6% | 11,295 | 10,463 | 832 | 7.4% | 21,055 | 21,203 | (148) | -0.7% |
| Contracts and services (Note 8) | 2,596 | 2,520 | 76 | 2.9% | 12,628 | 10,577 | 2,051 | 16.2% | 12,868 | 12,255 | 613 | 4.8% | 27,436 | 26,961 | 475 | 1.7% |
| Vehicles (Note 9) | 722 | 693 | 29 | 4.0% | 4,359 | 4,229 | 130 | 3.0% | 4,185 | 4,455 | (270) | -6.5% | 8,652 | 9,102 | (450) | -5.2% |
| Facilities (Note 10) | 1,770 | 1,745 | 25 | 1.4% | 11,065 | 10,080 | 985 | 8.9% | 10,626 | 10,156 | 470 | 4.4% | 24,337 | 22,040 | 2,297 | 9.4% |
| Other Expenditures (Note 11) | 309 | 333 | (24) | -7.7% | 2,252 | 1,659 | 592 | 26.3% | 1,930 | 1,290 | 639 | 33.1% | 5,191 | 5,038 | 153 | 2.9% |
| | 8,861 | 6,947 | 1,914 | 21.6% | 40,028 | 34,748 | 5,279 | 13.2% | 40,904 | 38,619 | 2,284 | 5.6% | 86,671 | 84,344 | 2,327 | 2.7% |
| Total Expense | 41,095 | 39,252 | 1,843 | 4.5% | 235,921 | 236,283 | (363) | -0.2% | 241,637 | 241,533 | 103 | 0.0% | 480,704 | 479,917 | 787 | 0.2% |
| Position before Adjustments | 36,870 | 35,240 | 1,630 | 4.4% | 199,505 | 202,948 | (3,443) | -1.7% | 204,736 | 207,773 | (3,037) | -1.5% | 382,409 | 383,579 | (1,170) | -0.3% |
| Tangible Capital Assets Budget adjustment (Note 13) | - | - | - | | - | - | - | | - | - | - | | 6,338 | 6,338 | - | 0.0% |
| Transfer to/(from) EPS Reserve (Note 14) | - | - | - | | - | - | - | | - | - | - | | - | 2,895 | (2,895) | |
| Net Position | \$ 36,870 | \$ 35,240 | \$ 1,630 | 4.4% | \$ 199,505 | \$ 202,948 | \$ (3,443) | -1.7% | \$ 204,736 | \$ 207,773 | \$ (3,037) | -1.5% | \$ 388,747 | \$ 392,812 | \$ (4,065) | -1.0% |

Other Revenue includes fines (Gaming and Liquor, Other Bylaw Violations), and sales of unclaimed goods.

Edmonton Police Service

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

For the Period Ended June 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 second payment was received in April.

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 – There have been less E911 Grant revenues recognized year to date, which is offset by receipt of the Drug Impaired Training program and HELP program Grants.

Forecast – Projected to be over budget due to the new provincial Grants for the HELP and Virtual Opioid Dependency programs.

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 under budget position is the result of less demand for Extra Duty services and fewer tows of seized vehicles, which are offset by lower contracts and service expenses.

Forecast – The same as year to date, offset by increased revenue for external recruit trainees, Secondments, and anticipated revenue due from Public Safety Canada (PSC) for the 2022 Papal Visit, which is a direct recovery for expenses incurred during the event.

5. Salary and Benefits

Wages and Benefits for all EPS employees based on collective bargaining agreements.

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.

Forecast – Under budget due to a projected increase in vacation taken and higher than projected attrition, partially offset by anticipated Collective Bargaining Agreement settlements.

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

| Attrition | June | June YTD | Full Year |
|-----------------------------|------|----------|-----------|
| Original Projection | 5 | 25 | 60 |
| Actual & Updated Projection | 7 | 48 | 70 |

As of July 18, 2022, twenty-five sworn members tendered their resignation and forty announced their retirement, for an attrition total of sixty-five. Of these, forty-eight were no longer on the payroll as of June 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 and NHL playoffs.

Forecast – The same as year to date, further increased by OT required for planning for the 2022 Papal Visit which is offset by increased revenue due from PSC.

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 purchase of IT equipment.

Forecast – Projected to be over budget due to the costs associated with the Rapid DNA Subscription offset by favourable contract and services expense.

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 Psych Counseling.

Year to date – Under budget due to the timing of expenses, and less demand for Extra Duty and Tow Lot services which are offset by lower revenues.

Forecast – The same as year to date, offset by increased costs for the 2022 Papal Visit, which will be recovered through increased revenue due from PSC.

9. Vehicle Costs

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

Year to date – Over budget due to increased fuel costs.

Forecast – The same as year to date further increased for requirements for the 2022 Papal Visit, which will be recovered through revenue due from PSC.

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

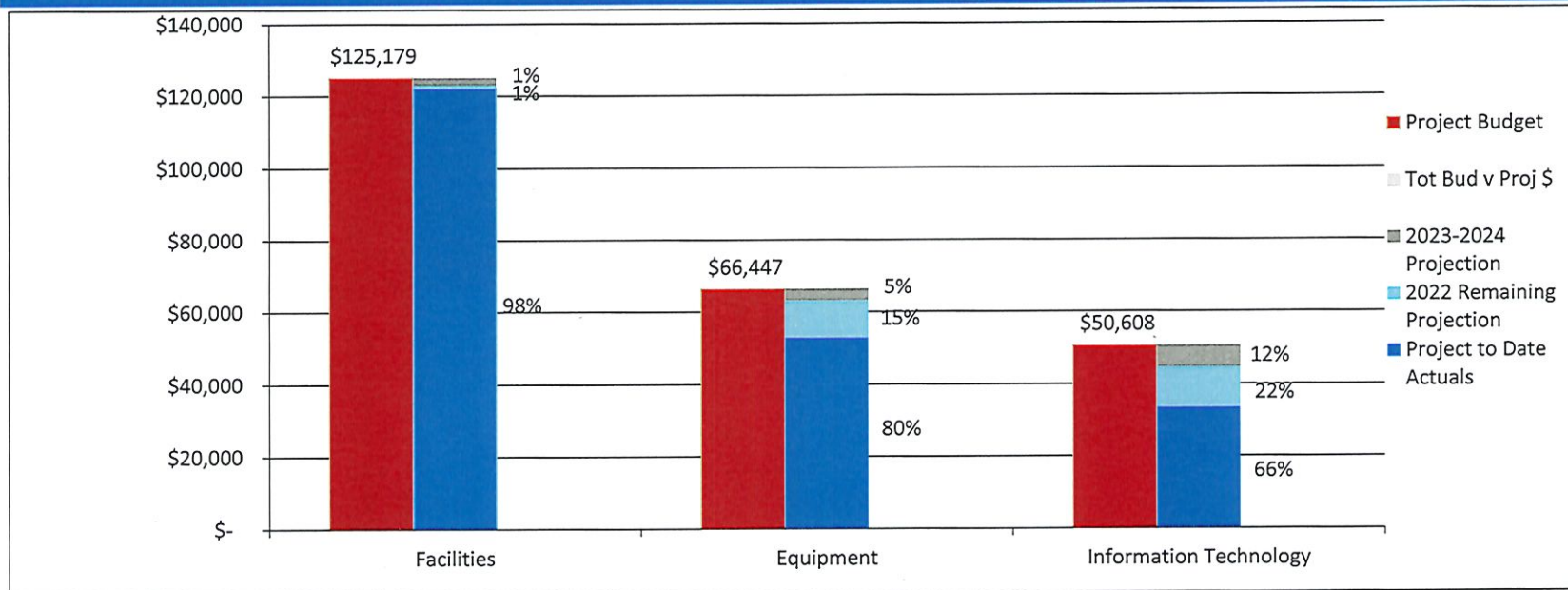
On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three 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 June 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) | \$ 391 | \$ 122,328 | \$ 1,095 | \$ 2,147 | \$ 125,179 | \$ 121,937 | \$ 3,242 | \$ - | \$ 125,179 | \$ - |
| Equipment (Note 2) | \$ 3,549 | \$ 52,932 | \$ 13,709 | \$ 3,355 | \$ 66,447 | \$ 49,383 | \$ 17,064 | \$ - | \$ 66,447 | \$ - |
| Information Technology (Note 3) | \$ 6,019 | \$ 33,412 | \$ 17,145 | \$ 6,070 | \$ 50,608 | \$ 27,393 | \$ 19,045 | \$ 4,170 | \$ 50,608 | \$ - |
| | \$ 9,959 | \$ 208,672 | \$ 31,949 | \$ 11,572 | \$ 242,234 | \$ 198,713 | \$ 39,351 | \$ 4,170 | \$ 242,234 | \$ - |



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

1 Facilities

- There is additional equipment modifications outstanding in 2022. It is anticipated that budget of \$2.147 million will be carried forward to 2023 for legal fees and holdbacks.

2 Equipment

- The Emergency Communication Centre IP Call Handling Project go-live date was expected to be Q2 of 2022, but has now been delayed to Q3 due to vendor technical issues.
- Delivery of vehicle orders are delayed due to parts shortages and manufacturing shutdowns. Budget of \$3.355 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.
- The vendor for Automated Fingerprint Identification System (AFIS) has provided the project schedule and timelines. Design phase will occur during Q3 and implementation is expected in Q3 2023.

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 was end of Q4 2022 however re-planning is being conducted and timelines may be delayed. Work to develop an EC systems interface is in progress however the timeline has been 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.