



## EDMONTON POLICE SERVICE

### REPORT TO THE EDMONTON POLICE COMMISSION

**DATE:** 2023 June 30

**SUBJECT:** Budget Variance for the Period Ending May 31, 2023

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#### 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 May 31, 2023. Year-end forecast reflects organizational decisions and plans known to date and will be updated as additional information becomes available.

#### COMMENTS / DISCUSSION:

##### **Operating Results**

The operating results for the period ending May 31, 2023 indicate a net deficit position of \$4.200 million or 2.3% (revenue surplus of \$0.114 million, offset by an expense overspend of \$4.314 million).

The revenue surplus is due to the recognition of former Police Support Grant revenue, which is offset by lower than budgeted Traffic Safety Act (TSA) revenue.

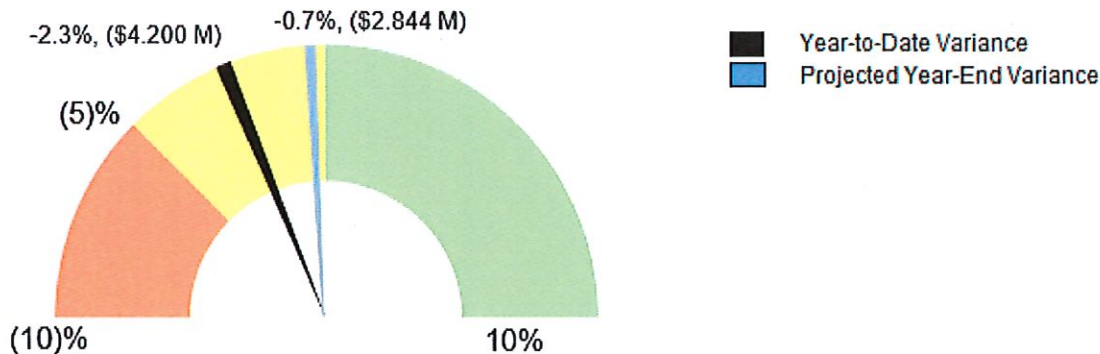
The overspend in personnel expense is primarily the result of higher overtime costs to maintain minimum staffing, which is outlined in Attachment II.

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

**CONCLUSION:**

The year-end forecast projects an operating deficit of \$2.844 million (\$3.156 million overspend from current year operations, offset by \$0.312 million in the operating reserve).

- Favourable budget variance, >= 0%
- Unfavourable budget variance, 0% to (5)%
- Unfavourable budget variance, > (5)%



**ADDITIONAL INFORMATION ATTACHED:**

Attachments:

- I. Operating Budget Variance by Major Category of Revenue & Expenditures
- II. Explanation of Variances by Major Category of Expenditures and Revenues

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Date: 2023 Jul 05

## Edmonton Police Service

## Budget Variance by Major Category of Revenues &amp; Expenditures

For the Period Ending May 31, 2023  
(\$000's)

	Current Period				2022 Year to Date				2023 Year to Date				Year End Forecast			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Projected	Variance	%
<b>Revenue</b>																
Traffic Safety Act Fines (Note 1)	\$ 1,058	\$ 706	\$ (352)	-33.3%	\$ 5,201	\$ 3,294	\$ (1,907)	-36.7%	\$ 5,118	\$ 3,431	\$ (1,687)	-33.0%	\$ 11,122	\$ 7,989	\$ (3,133)	-28.2%
Transfer from Reserve (OTS / FSR) (Note 2)	-	-	-		11,146	11,146	-	0.0%	801	-	(801)	-100.0%	3,205	3,205	-	0.0%
Provincial Grants (Note 3)	460	821	361	78.5%	1,542	1,706	164	10.6%	2,299	5,816	3,517	153.0%	31,757	42,093	10,336	32.5%
Other Revenue (Note 4)	2,767	2,577	(190)	-6.9%	14,786	13,603	(1,184)	-8.0%	15,047	14,132	(915)	-6.1%	34,682	34,557	(125)	-0.4%
Secondments	1,144	1,278	134	11.7%	5,912	5,808	(104)	-1.8%	5,772	5,551	(221)	-3.8%	13,388	13,366	(22)	-0.2%
Tow Lot	596	397	(199)	-33.3%	2,979	2,401	(579)	-19.4%	2,979	2,281	(698)	-23.4%	7,150	6,486	(664)	-9.3%
PICS and Alarm Control	590	667	77	13.1%	2,683	2,498	(184)	-6.9%	2,640	3,067	428	16.2%	6,756	7,156	400	5.9%
Extra Duty <sup>1</sup>	209	107	(102)	-48.6%	1,254	511	(743)	-59.3%	1,199	889	(310)	-25.9%	3,217	3,217	-	0.0%
E911 Fees	112	111	(1)	-0.5%	563	509	(53)	-9.5%	558	558	0	0.0%	1,340	1,342	2	0.1%
School Resource Officer (SRO)	-	4	4		595	545	(51)	-8.5%	588	597	9	1.5%	950	986	36	3.7%
Other <sup>2</sup>	117	13	(104)	-89.0%	800	1,331	530	66.3%	1,310	1,188	(122)	-9.3%	1,880	2,004	124	6.6%
<b>Total Revenue</b>	<b>4,285</b>	<b>4,104</b>	<b>(181)</b>	<b>-4.2%</b>	<b>32,675</b>	<b>29,749</b>	<b>(2,927)</b>	<b>-9.0%</b>	<b>23,265</b>	<b>23,379</b>	<b>114</b>	<b>0.5%</b>	<b>80,766</b>	<b>87,844</b>	<b>7,078</b>	<b>8.8%</b>
<b>Expense</b>																
<b>Personnel</b>																
Salary and benefits (Note 5)	33,185	34,522	(1,337)	-4.0%	164,539	164,658	(119)	-0.1%	168,056	169,321	(1,265)	-0.8%	392,752	392,326	426	0.1%
EPS Overtime (Note 6a)	784	2,031	(1,247)	-159.0%	3,777	5,812	(2,035)	-53.9%	3,948	7,316	(3,368)	-85.3%	10,368	16,176	(5,808)	-56.0%
External Overtime (Note 6b)	34	29	5	13.5%	170	139	31	18.2%	170	189	(19)	-11.2%	407	379	28	6.9%
	<b>34,003</b>	<b>36,582</b>	<b>(2,579)</b>	<b>-7.6%</b>	<b>168,486</b>	<b>170,609</b>	<b>(2,123)</b>	<b>-1.3%</b>	<b>172,174</b>	<b>176,826</b>	<b>(4,652)</b>	<b>-2.7%</b>	<b>403,527</b>	<b>408,881</b>	<b>(5,354)</b>	<b>-1.3%</b>
<b>Non-Personnel</b>																
Furniture, equipment, IT, materials and supplies (Note 7)	1,632	1,847	(215)	-13.2%	7,836	8,807	(971)	-12.4%	8,519	9,457	(938)	-11.0%	18,319	21,791	(3,472)	-19.0%
Contracts and services (Note 8)	2,076	2,577	(501)	-24.1%	10,276	9,735	541	5.3%	10,672	10,943	(271)	-2.5%	28,462	32,619	(4,157)	-14.6%
Vehicles (Note 9)	803	763	40	5.0%	3,463	3,762	(299)	-8.6%	4,058	3,790	268	6.6%	10,906	11,097	(191)	-1.8%
Facilities (Note 10)	1,740	1,674	66	3.8%	8,856	8,411	445	5.0%	8,770	8,235	535	6.1%	24,940	21,847	3,093	12.4%
Other Expenditures <sup>1</sup> (Note 11)	351	195	156	44.4%	1,623	959	665	41.0%	1,662	918	744	44.8%	4,036	4,189	(153)	-3.8%
	<b>6,602</b>	<b>7,056</b>	<b>(454)</b>	<b>-6.9%</b>	<b>32,054</b>	<b>31,674</b>	<b>381</b>	<b>1.2%</b>	<b>33,681</b>	<b>33,343</b>	<b>338</b>	<b>1.0%</b>	<b>86,663</b>	<b>91,543</b>	<b>(4,880)</b>	<b>-5.6%</b>
<b>Total Expense</b>	<b>40,605</b>	<b>43,638</b>	<b>(3,033)</b>	<b>-7.5%</b>	<b>200,540</b>	<b>202,283</b>	<b>(1,742)</b>	<b>-0.9%</b>	<b>205,855</b>	<b>210,169</b>	<b>(4,314)</b>	<b>-2.1%</b>	<b>490,190</b>	<b>500,424</b>	<b>(10,234)</b>	<b>-2.1%</b>
<b>Position before Adjustments</b>	<b>36,320</b>	<b>39,534</b>	<b>(3,214)</b>	<b>-8.8%</b>	<b>167,865</b>	<b>172,534</b>	<b>(4,669)</b>	<b>-2.8%</b>	<b>182,590</b>	<b>186,790</b>	<b>(4,200)</b>	<b>-2.3%</b>	<b>409,424</b>	<b>412,580</b>	<b>(3,156)</b>	<b>-0.8%</b>
Tangible Capital Assets Budget adjustment (Note 12)													6,034	6,034	-	0.0%
Transfer to/(from) EPS Reserve (Note 13)														(312)	312	
<b>Net Position</b>	<b>\$ 36,320</b>	<b>\$ 39,534</b>	<b>\$ (3,214)</b>	<b>-8.8%</b>	<b>\$ 167,865</b>	<b>\$ 172,534</b>	<b>\$ (4,669)</b>	<b>-2.8%</b>	<b>\$ 182,590</b>	<b>\$ 186,790</b>	<b>\$ (4,200)</b>	<b>-2.3%</b>	<b>\$ 415,458</b>	<b>\$ 418,302</b>	<b>\$ (2,844)</b>	<b>-0.7%</b>

1 Extra Duty Revenue received from other City Departments is reclassified from expense recovery to revenue.

2 Other Revenue includes E911 headline fees, 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 May 31, 2023

**1. Traffic Safety Act (TSA) Fines Revenue**

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

**Year to Date** – Under budget because of lower-than-expected number of tickets issued. Traffic members are spending increased time in court to address previous years incidents, which has resulted in a decline of issued tickets. In addition, members are diverted to other operational pressures which further decreases tickets issued.

**Forecast** – Same as year to date.

**2. Transfer from Reserve - Office of Traffic Safety (OTS) and Financial Stability Reserve (FSR)**

In 2022, this was a transfer from the Traffic Safety and Automated Enforcement Reserve (TSAER) and in 2023 the transfer was replaced with tax levy funding (as approved by City Council motion passed on June 7, 2022). Also on August 15, 2022 City Council approved multi-year one time funding for Healthy Streets Operation Centre (HSOC). Subsequently, FSR was identified as a funding source for 2023 (Budget Deliberations, December 2022).

**Year to Date** – The under budget position is primarily due to the timing of funds to be transferred from the FSR for the HSOC.

**Forecast** – No variance is expected.

**3. Provincial Grants**

Provincial Grants include the Policing Support Grant, the E911 Grant, Victim Services Grant, Drug Impairment Grant, and Indigenous Grant.

**Year to Date** – Over budget due to the recognition of revenue from the former Police Officer Grant, and the recognition of revenue from the new Alberta Mental Health and Addiction Grant.

**Forecast** – Projecting to be over budget due to the Alberta Mental Health and Addiction Grant to support several initiatives, including Enhancing Harm Reduction and Recovery Outreach, which will be offset by increased contract and services cost for these initiatives.

#### 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, partially offset by increased PICS revenue as demand for service requests increase.

**Forecast** – The same as year to date.

#### 5. Salary and Benefits

Salary and benefits are 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** – Over budget mainly due to increased benefits costs as a result of pension buyback from prior periods.

**Forecast** – Projecting to be under budget due to vacant positions, and increased levels of attrition.

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

Attrition	May	May YTD	Full Year
Original Projection	7	37	90
Actual & Updated Projection	7	39	90

As of June 19, 2023, nineteen sworn members have tendered their resignation, twenty-three announced retirement, four are deceased, and one was released for an attrition total of forty-seven. Of these, thirty-nine were no longer on the payroll as of May 31, 2023.

**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 levels in the Community Policing Bureau, and the Emergency Communications Operations Management Branch (ECOMB), which is directly offset by increased revenue as part of the E911 Provincial Grant for emergency communication services. Also contributing to the overspend is increased investigations work within the Investigation and Support Services Bureau.

**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 over budget.

**Forecast** – Minimal variance to budget is projected.

**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** – Over budget due to increased costs related to data storage.

**Forecast** – Over budget due to increased costs for software licenses, software-as-a-service and data storage.

**8. Contracts & Services**

This category includes various contracted resources. Examples include Security Commissionaires, Extra Duty, Police Seized Vehicles towing fees, DNA analysis, Human-Centered Engagement Liaison Program (HELP) navigators, Legal Services, and Psychological Counseling.

**Year to date** – Over budget due to increased DNA program expenditures, as well as additional paramedic and health care practitioners in detainee care, which is recovered through the Alberta Mental Health and Addictions Grant.

**Forecast** – The same as year to date.

**9. Vehicle Costs**

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

**Year to date** – Under budget due to the timing of helicopter maintenance completed to date.

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

**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. Extra Duty Revenue received from other City Departments are reclassified from expense to revenue.

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

**Forecast** – Projecting to be over budget due to lower than anticipated insurance recoveries for damaged vehicles partially offset by lower debt servicing costs.

**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.

Over the 2019-2022 budget cycle Edmonton Police Service managed significant costs related to the COVID-19 global pandemic and the City of Edmonton Enterprise Commons project with no additional funding. After addressing these unplanned expenditures, the balance in the EPS Operating Reserve as of December 31, 2022, is a surplus of **\$0.312 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
- 2022 \$3.207 million