



## EDMONTON POLICE SERVICE

### REPORT TO THE EDMONTON POLICE COMMISSION

**DATE:** 2022 Sept 02

**SUBJECT:** Budget Variance for the Period Ending July 31, 2022

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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 July 31, 2022.

#### COMMENTS / DISCUSSION:

##### **Operating Results**

The operating results for the period ending July 31, 2022 indicate a net surplus position of \$1.586 million or 0.7% (revenue shortfall of \$2.734 million offset by an expense underspend of \$4.320 million).

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

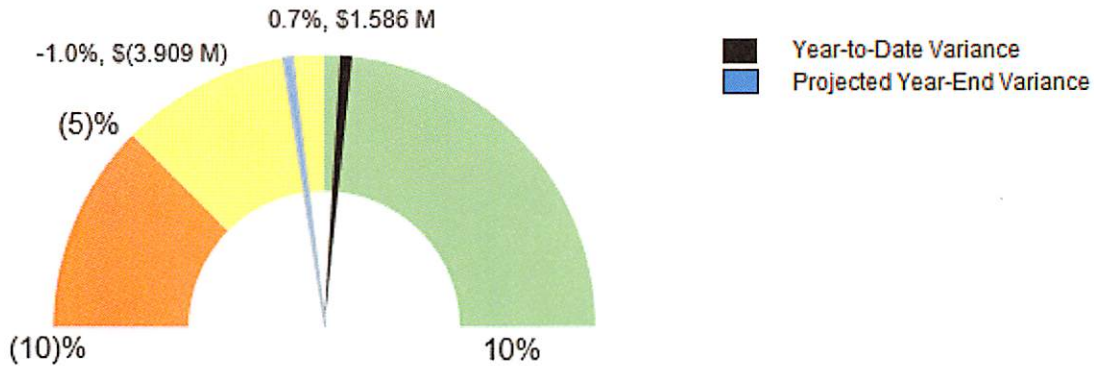
The underspend in Personnel expense is primarily the result of increased vacation taken.

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

**CONCLUSION:**

The year-end forecast projects an operating deficit of \$3.909 million (\$1.014 million overspend from current year operations, further increased by the Operating Reserve deficit of \$2.895 million).

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



**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

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

Chief of Police: *[Signature]*

Date: *Sept 6, 22*

## Edmonton Police Service

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

For the Period Ending July 31, 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	%
<b>Revenue</b>																
Traffic Safety Act Fines (Note 1)	\$ 880	\$ 608	\$ (272)	-30.9%	\$ 7,255	\$ 5,822	\$ (1,433)	-19.8%	\$ 7,026	\$ 4,628	\$ (2,398)	-34.1%	\$ 11,198	\$ 7,755	\$ (3,443)	-30.7%
Transfer from Reserve (OTS) (Note 2)	5,573	5,573	-	0.0%	16,719	16,719	-	0.0%	16,719	16,719	-	0.0%	22,292	22,292	-	0.0%
Provincial Grants (Note 3)	308	439	131	42.5%	2,155	2,086	(69)	-3.2%	2,159	2,369	210	9.7%	29,757	30,984	1,227	4.1%
Other Revenue (Note 4)	\$ 2,853	\$ 3,400	\$ 547	19.2%	\$ 19,698	\$ 17,736	\$ (1,962)	-10.0%	\$ 20,611	\$ 20,065	\$ (546)	-2.6%	\$ 35,048	\$ 34,886	\$ (162)	-0.5%
Secondments	2,223	2,257	34	1.5%	7,695	8,119	425	5.5%	8,135	8,065	(70)	-0.9%	13,687	14,088	400	2.9%
Tow Lot	1,192	1,095	(97)	-8.1%	4,083	3,172	(911)	-22.3%	4,171	3,496	(675)	-16.2%	7,150	6,673	(477)	-6.7%
PICS and Alarm Control	1,190	1,142	(47)	-4.0%	3,370	3,253	(118)	-3.5%	3,873	3,641	(232)	-6.0%	6,785	6,316	(469)	-6.9%
Extra Duty	305	693	387	126.8%	1,560	205	(1,355)	-86.9%	1,560	1,204	(356)	-22.8%	3,349	3,168	(181)	-5.4%
E911 Fees	225	246	21	9.3%	1,021	802	(219)	-21.4%	788	755	(33)	-4.1%	1,350	1,296	(54)	-4.0%
School Resource Officer (SRO)	-	0	0		495	505	10	1.9%	595	545	(50)	-8.5%	818	934	116	14.2%
Other	690	1,030	340	49.3%	1,474	1,680	206	14.0%	1,490	2,360	870	58.4%	1,908	2,411	503	26.4%
<b>Total Revenue</b>	<b>9,614</b>	<b>10,020</b>	<b>406</b>	<b>4.2%</b>	<b>45,827</b>	<b>42,363</b>	<b>(3,464)</b>	<b>-7.6%</b>	<b>46,515</b>	<b>43,781</b>	<b>(2,734)</b>	<b>-5.9%</b>	<b>98,295</b>	<b>95,917</b>	<b>(2,378)</b>	<b>-2.4%</b>
<b>Expense</b>																
<b>Personnel</b>																
Salary and benefits (Note 5)	30,223	26,360	3,863	12.8%	221,390	225,551	(4,161)	-1.9%	226,169	222,018	4,151	1.8%	383,481	381,286	2,195	0.5%
EPS Overtime (Note 6a)	979	1,314	(335)	-34.2%	5,420	5,526	(106)	-2.0%	5,631	8,395	(2,764)	-49.1%	10,145	13,918	(3,773)	-37.2%
External Overtime (Note 6b)	102	37	65	64.1%	238	745	(507)	-213.0%	238	212	26	10.9%	407	358	49	12.0%
	<b>31,304</b>	<b>27,711</b>	<b>3,593</b>	<b>11.5%</b>	<b>227,048</b>	<b>231,822</b>	<b>(4,774)</b>	<b>-2.1%</b>	<b>232,038</b>	<b>230,625</b>	<b>1,413</b>	<b>0.6%</b>	<b>394,033</b>	<b>395,562</b>	<b>(1,529)</b>	<b>-0.4%</b>
<b>Non-Personnel</b>																
Furniture, equipment, IT, materials and supplies (Note 7)	1,773	1,475	298	16.8%	11,082	9,557	1,525	13.8%	13,208	11,938	1,270	9.6%	21,319	21,325	(6)	0.0%
Contracts and services (Note 8)	2,009	2,265	(256)	-12.7%	14,504	11,934	2,570	17.7%	14,877	14,520	357	2.4%	27,436	26,416	1,020	3.7%
Vehicles (Note 9)	706	596	110	15.6%	5,120	4,970	150	2.9%	4,891	5,051	(160)	-3.3%	8,652	9,107	(455)	-5.3%
Facilities (Note 10)	1,900	1,668	232	12.2%	13,033	11,495	1,538	11.8%	12,526	11,823	703	5.6%	24,337	22,084	2,253	9.3%
Other Expenditures (Note 11)	276	178	98	35.4%	2,671	1,882	789	29.5%	2,206	1,469	737	33.4%	5,192	5,111	81	1.6%
	<b>6,664</b>	<b>6,182</b>	<b>482</b>	<b>7.2%</b>	<b>46,410</b>	<b>39,838</b>	<b>6,572</b>	<b>14.2%</b>	<b>47,708</b>	<b>44,801</b>	<b>2,907</b>	<b>6.1%</b>	<b>86,936</b>	<b>84,043</b>	<b>2,893</b>	<b>3.3%</b>
<b>Total Expense</b>	<b>37,968</b>	<b>33,893</b>	<b>4,075</b>	<b>10.7%</b>	<b>273,458</b>	<b>271,660</b>	<b>1,798</b>	<b>0.7%</b>	<b>279,746</b>	<b>275,426</b>	<b>4,320</b>	<b>1.5%</b>	<b>480,969</b>	<b>479,605</b>	<b>1,364</b>	<b>0.3%</b>
<b>Position before Adjustments</b>	<b>28,354</b>	<b>23,873</b>	<b>4,481</b>	<b>15.8%</b>	<b>227,631</b>	<b>229,297</b>	<b>(1,666)</b>	<b>-0.7%</b>	<b>233,231</b>	<b>231,645</b>	<b>1,586</b>	<b>0.7%</b>	<b>382,674</b>	<b>383,688</b>	<b>(1,014)</b>	<b>-0.3%</b>
Tangible Capital Assets Budget adjustment (Note 13)	-	-	-		-	-	-		-	-	-		6,073	6,073	-	0.0%
Transfer to/(from) EPS Reserve (Note 14)														2,895	(2,895)	
<b>Net Position</b>	<b>\$ 28,354</b>	<b>\$ 23,873</b>	<b>\$ 4,481</b>	<b>15.8%</b>	<b>\$ 227,631</b>	<b>\$ 229,297</b>	<b>\$ (1,666)</b>	<b>-0.7%</b>	<b>\$ 233,231</b>	<b>\$ 231,645</b>	<b>\$ 1,586</b>	<b>0.7%</b>	<b>\$ 388,747</b>	<b>\$ 392,656</b>	<b>\$ (3,909)</b>	<b>-1.0%</b>

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 July 31, 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** – 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 further increased by decreased PICS revenue, partially offset by 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. 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 and higher than projected attrition.

**Forecast** – The same as year to date, partially offset by anticipated Collective Bargaining Agreement settlements.

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

Attrition	July	July YTD	Full Year
Original Projection	5	35	60
Actual & Updated Projection	11	59	80

As of August 12, 2022, twenty-six sworn members tendered their resignation and forty-two announced their retirement, for an attrition total of sixty-eight. Of these, fifty-nine were no longer on the payroll as of July 31, 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.

**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 purchase of IT equipment.

**Forecast** – No variance is expected.

**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 Extra Duty and Tow Lot services which are offset by lower revenues; partially offset by higher Psychological Counseling costs.

**Forecast** – The same as year to date, partially offset by the costs incurred during the 2022 Papal visit which will be recovered through revenue due from PSC, and increased program expenses for the HELP program, which are recoverable through the HELP Grant.

**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, 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