



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: September 01, 2023

SUBJECT: Budget Variance for the Period Ending July 31, 2023

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

COMMENTS / DISCUSSION:

On August 23, 2023, City Council approved the revised EPS Funding Formula Policy and final decisions about the budget allocation for 2024-2026 will be determined during the Fall Supplemental Operating Budget Adjustment process.

The Edmonton Police Service 2023 to 2026 Operating and Capital Budget Cycle has the funding pressures related to capital budget that, if not resolved, will impact operating budget. City Council approved approximately 25% of the Commission supported requirement for Police Equipment, Radio Lifecycle, IT Applications and IT Infrastructure renewal projects (approximately \$51 million shortfall).

The operating results for the period ending July 31, 2023, indicate a net deficit position of \$0.712 million or 0.3% (revenue surplus of \$0.816 million, offset by an expense overspend of \$1.528 million). This is exclusive of Edmonton Police Association recent collecting bargaining settlements.

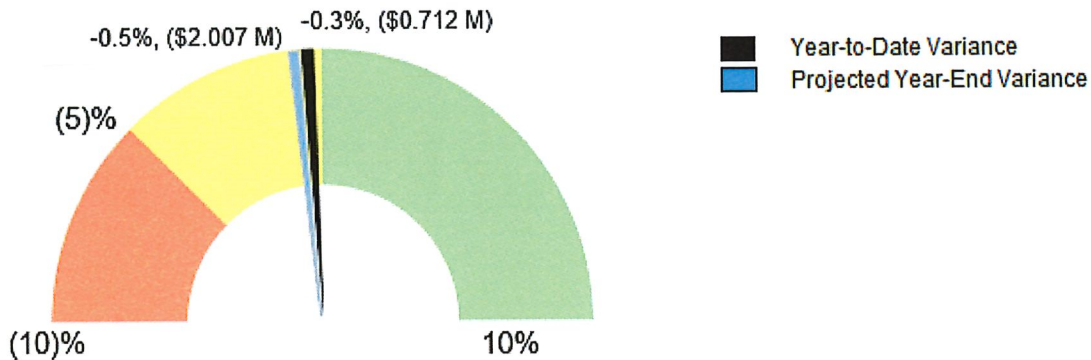
The revenue surplus is due to the recognition of former Police Support Grant revenue, and the new Alberta Mental Health Grant, which is offset by lower than budgeted Traffic Safety Act (TSA) revenue.

The overspend in personnel expense is due to increased overtime as a result of maintaining minimum staffing levels, partially offset by lower salaries due to 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 \$2.007 million (\$2.319 million overspend from current year operations, offset by a \$0.312 million surplus 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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Chief of Police: _____

Date: Sept 5, 23

Edmonton Police Service

Budget Variance by Major Category of Revenues & Expenditures

For the Period Ending July 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	%
Revenue																
Traffic Safety Act Fines (Note 1)	\$ 849	\$ 610	\$ (239)	-28.2%	\$ 7,026	\$ 4,628	\$ (2,398)	-34.1%	\$ 6,893	\$ 4,705	\$ (2,188)	-31.7%	\$ 11,060	\$ 7,806	\$ (3,254)	-29.4%
Transfer from Reserve (OTS / FSR) (Note 2)	-	-	-		16,719	16,719	-	0.0%	1,114	1,346	232	20.8%	2,227	2,227	-	0.0%
Provincial Grants (Note 3)	460	(369)	(829)	-180.2%	2,159	2,369	210	9.7%	3,219	6,051	2,832	88.0%	31,757	41,640	9,883	31.1%
Other Revenue (Note 4)	2,580	3,006	426	16.5%	20,611	20,065	(546)	-2.6%	20,378	20,317	(60)	-0.3%	34,745	33,988	(757)	-2.2%
Secondments	1,102	1,030	(72)	-6.5%	8,135	8,065	(70)	-0.9%	8,041	7,686	(355)	-4.4%	13,448	13,220	(228)	-1.7%
Tow Lot	596	656	60	10.1%	4,171	3,496	(675)	-16.2%	4,171	3,488	(683)	-16.4%	7,150	5,742	(1,408)	-19.7%
PICS and Alarm Control	522	585	63	12.1%	3,873	3,641	(232)	-6.0%	3,766	4,270	504	13.4%	6,756	7,320	564	8.3%
Extra Duty ¹	128	406	279	218.1%	1,560	1,204	(356)	-22.8%	1,483	1,829	347	23.4%	3,217	3,217	-	0.0%
E911 Fees	112	137	25	22.3%	788	755	(33)	-4.1%	782	779	(3)	-0.4%	1,340	1,336	(4)	-0.3%
School Resource Officer (SRO)	(0)	1	1	-1005.0%	595	545	(50)	-8.5%	588	595	7	1.3%	950	986	36	3.7%
Other ²	121	190	69	57.1%	1,490	2,360	870	58.4%	1,547	1,670	123	7.9%	1,883	2,167	283	15.0%
Total Revenue	3,889	3,247	(642)	-16.5%	46,515	43,781	(2,734)	-5.9%	31,604	32,419	816	2.6%	79,789	85,661	5,872	7.4%
Expense																
Personnel																
Salary and benefits (Note 5)	32,530	29,794	2,736	8.4%	226,169	222,018	4,151	1.8%	232,606	230,405	2,201	0.9%	392,695	391,965	730	0.2%
EPS Overtime (Note 6a)	1,050	1,417	(367)	-34.9%	5,631	8,395	(2,764)	-49.1%	5,758	10,026	(4,268)	-74.1%	10,368	16,804	(6,436)	-62.1%
External Overtime (Note 6b)	34	28	6	17.2%	238	212	26	10.9%	238	271	(33)	-13.9%	407	416	(9)	-2.2%
	33,614	31,239	2,375	7.1%	232,038	230,625	1,413	0.6%	238,602	240,702	(2,100)	-0.9%	403,470	409,185	(5,715)	-1.4%
Non-Personnel																
Furniture, equipment, IT, materials and supplies (Note 7)	1,658	1,726	(68)	-4.1%	13,208	11,938	1,270	9.6%	11,686	12,709	(1,023)	-8.8%	18,290	18,909	(619)	-3.4%
Contracts and services (Note 8)	2,038	2,310	(272)	-13.3%	14,877	14,520	357	2.4%	15,393	16,132	(739)	-4.8%	27,856	31,124	(3,268)	-11.7%
Vehicles (Note 9)	820	850	(30)	-3.7%	4,891	5,051	(160)	-3.3%	5,734	5,470	264	4.6%	9,928	9,801	127	1.3%
Facilities (Note 10)	1,898	1,653	245	12.9%	12,526	11,823	703	5.6%	12,412	11,442	970	7.8%	24,940	23,581	1,359	5.4%
Other Expenditures ¹ (Note 11)	336	83	253	75.2%	2,206	1,469	737	33.4%	2,397	1,296	1,100	45.9%	4,122	4,197	(75)	-1.8%
	6,750	6,622	128	1.9%	47,708	44,801	2,907	6.1%	47,622	47,049	572	1.2%	85,136	87,612	(2,476)	-2.9%
Total Expense	40,364	37,861	2,503	6.2%	279,746	275,426	4,320	1.5%	286,224	287,751	(1,528)	-0.5%	488,606	496,797	(8,191)	-1.7%
Position before Adjustments	36,475	34,614	1,861	5.1%	233,231	231,645	1,586	0.7%	254,620	255,332	(712)	-0.3%	408,817	411,136	(2,319)	-0.6%
Tangible Capital Assets Budget adjustment (Note 12)													6,640	6,640	-	0.0%
Transfer to/(from) EPS Reserve (Note 13)														(312)	312	
Net Position	\$ 36,475	\$ 34,614	\$ 1,861	5.1%	\$ 233,231	\$ 231,645	\$ 1,586	0.7%	\$ 254,620	\$ 255,332	\$ (712)	-0.3%	\$ 415,457	\$ 417,464	\$ (2,007)	-0.5%

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

2 Other Revenue includes E911 landline 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 July 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 – Over budget due to additional reserve funds transferred for the expenditures in the HSOC program.

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. Additionally, projecting to recognize additional E911 Grant revenue to offset increased overtime in support of Emergency Communication.

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 mainly due to lower Tow Lot revenue due to fewer tows of seized vehicles, which are offset by lower contracts and service expenses, partially offset by increased PICS revenue, and Extra Duty 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 – Under budget due to increased vacation taken.

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

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

Attrition	July	July YTD	Full Year
Original Projection	7	53	90
Actual & Updated Projection	4	50	102

As of August 22nd, 2023, twenty-five sworn members have tendered their resignation, thirty-three announced retirement, four are deceased, and one was released for an attrition total of sixty-three. Of these, fifty were no longer on the payroll as of July 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 the timing of expenses for the purchases of IT equipment.

Forecast – Over budget due to HealthIM software expenses, which are offset by Grant revenue, and increased expenses for Rapid DNA.

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 increased psych counselling expenses, navigators, paramedic and health care practitioners supporting the Alberta Mental Health and Addiction work, 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 less helicopter maintenance requirements.

Forecast – The same as year to date.

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 custodial and maintenance charges from the City of Edmonton.

Forecast – Under budget due to funds held for the Public Private Partnership (P3) initiative to operate a future Training Facility, offset by increased renovation projects planned for the second half of the year.

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 – Minimal variance to budget is projected.

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