

## **Strategy to Replenish the 2021 Operating Deficit**

### **CONFIDENTIAL ATTACHMENT - FOIP 16(1)(a)(ii) and 16(1)(c)(i) and (iv)**

#### Key dates:

- In both July 2020 and December 2021, City Council suspended the Edmonton Police Service Funding Formula C604A.
- May 2022, City Council set mandate for collective bargaining settlements related to Edmonton Police and Senior Officer Associations.
- June 2022, City Council directed by motion that a new funding formula be developed by Administration.
- October 7, 2022 – Interim funding formula approved by Council for 2023 only.
- May 2022 to October 3, 2022 – EPS Finance projected costs related to collective bargaining settlements based on Council approved mandate.

#### Rationale:

Based on the decision of Council in May 2022 related to salary, EPS Finance began to project costs related to a settlement until October 7, 2022. This treatment was accounting for the fact the City of Edmonton no longer had a policy in place in for possible increases for CSU52, EPA and SOA bargaining settlements.

Prior to May 2022 and under Policy C604A, increases to the service's budget provided fiscal increases that were designed to account for labor settlements. If Council settled bargaining for less than the anticipated amount, the service retained the difference and reallocated to other priority areas. If Council settled for higher than planned under the formula, the service had to find efficiencies within the existing budget envelope and could not ask Council for the difference.

From May 2022 to October 7, 2022, there was no policy in place speaking to how collective bargaining would be managed. Accordingly, the service began to accrue money in anticipation of possible labor settlements on the assumption that salaries would be settled retroactively based on Council approved mandate.

From May 2022 to October 7, 2022, this principle/process resulted in projected spending deficits for the service for the calendar year ending 2022. These were reported publicly at monthly EPC meetings as projected deficits but did not articulate the projected dollar amount deficit for possible settlements in order to preserve the privacy of collective bargaining.

On October 7, 2022, when Council put in place an interim funding formula setting out that salary settlements would be managed by the corporation, the

accrual of budgetary dollars in anticipation of salary settlements was no longer required.

As a result of no longer being required to accrue salary dollars in anticipation of salary settlements, the service has updated year end projections (based on September financials) for 2022 to a surplus of \$2.041M improving the operating reserve deficit from \$2.895M to \$0.854M

### Recommended Strategy

In accordance with the policy, Edmonton Police Service is committed to achieving a balance position not to exceed three years through regular operations. The entirety of the 2022 surplus will be applied to the 2021 deficit, with the remainder to be paid back over the subsequent 3 years.

### FOIP Considerations:

Based on the accrual amounts reported by the service from May 2022 until year end and into 2023, it is possible for an individual to reverse engineer the amount being accrued by the service to find out the Council approved salary mandate for settlements. This could negatively impact the collective bargaining process by inadvertently disclosing information that should not be made public while collective bargaining is underway.

Accordingly, it is recommended Attachment 1 be kept private until such time as collective bargaining is concluded.