

## **CITY OF NANAIMO**

### **BUSINESS CASE – Engineering Projects Section: Project Accountant Position**

#### **CURRENT OVERVIEW**

The 2019-2022 Strategic Plan provides direction for engineering projects under the theme “Governance Excellence”, ensuring the City is structured and resourced for expeditious, high quality decision making and action. The 2022 City Plan provides guidance for engineering projects under the goals, “A Green Nanaimo: Resilient & Regenerative Ecosystems” and “A Connected Nanaimo: Equitable Access & Mobility”.

The Engineering Projects Section is responsible for the delivery of capital projects within the Engineering Department. A dedicated project manager oversees all projects and projects are delivered in several different ways, with both internal and external engineers, inspectors, contractors and contract administrators. Projects include:

- Roads and major transportation projects
- Drainage
- Sewer
- Water distribution
- Specific major facility projects
- Specific major amenity projects.

To optimize efficiency, minimize costs, and reduce disruption to residents, all City infrastructure within an area is evaluated for condition and capacity to ensure all necessary work is completed concurrently. This may include roads, sewer and water lines, drainage, sidewalks, street lighting and amenities, etc. For financial reporting purposes, it is important that project costs are accurately allocated to different aspects of the project. This information is also required for reporting to funding agencies.

Engineering consultants complete the majority of the engineering design work, with a few small projects designed by city staff. External contractors construct the majority of projects. Some of the contracts are administered and inspected by the consulting engineer and staff complete others. The City also has a small construction crew, which constructs a portion of the capital projects, mainly water distribution projects.

The project delivery staff are supported by a Project Budget Accounting Clerk and an Engineering Construction Clerk.

#### **BUSINESS ISSUE**

In recent years, the Projects Department has seen its volume of work increase due to a growing City. In addition to an increasing number of projects, the complexity around the financial aspects of the project have grown with more concurrent and Complete Street projects. Furthermore, many projects have a variety of funding sources, each with their own restrictions and/or reporting requirements.

With the increased number and complexity of projects and the growing complexity of the financial aspects of the projects, the accounting work required exceeds the capacity of the Project Budget Accounting Clerk and Engineering Construction Clerk. As a result, Project Managers are spending a significant amount of time completing project accounting activities, which is in turn leading to reduced capacity to manage

projects and deliver the capital plan efficiently and effectively. Increased accounting complexity also impacts the Project Managers ability to track and forecast costs on a timely basis.

Additional staffing resources are required to manage the complex financial side of the projects.

### **EXPECTED OUTCOME**

The addition of a Project Accountant will provide the additional resources required to effectively and efficiently manage the financial aspects of capital projects. This accounting support will alleviate workload pressures by supporting the project management group with project accounting, the infrastructure planning group with development of the engineering and public works capital plan, and reduce the amount of follow up from the finance department for capital project accounting.

The addition of a Project Accountant is anticipated to:

- Allow for a dedicated accounting staff within engineering to manage the accounting for capital projects.
- Increase the capacity of the project management group by reducing the amount of accounting the project management staff are doing.
- Provide capacity to complete detailed cost tracking and forecasting of significant projects.
- Reduce the amount of support required from the finance department on capital project accounting.
- Increase the accounting accuracy and rigor during the life of a project, reducing the need for corrections.
- Increase the accuracy and timeliness of report.

The Project Accountant would work part-time at Public Works and part-time in SARC, optimizing input from all areas.

### **OPTIONS**

#### **Option #1 – Add a Project Accountant to Engineering Projects Section in 2023**

Create a permanent full-time Project Accountant position (35 hours/week), reporting structure to be determined.

Benefits:

- Increased rigor and accuracy in capital project accounting.
- Increased capacity of the project management group.
- Increased support to the Infrastructure Planning group during the development of the capital plan.
- Reduced amount of support required from the Finance department for capital project accounting.
- Alignment with City plan.

Weaknesses:

- Permanent increase to operating budget.

Financial Analysis:

- Position is anticipated to be at a CUPE level 14, subject to JE.

- Estimated budget impact in 2023 for wages and benefits is \$87,400 based on an April 1<sup>st</sup> start date.
- Estimated budget impact in 2023 for additional annual costs is \$5,000 for membership dues, professional development, mileage, phone and network charges.
- One-time costs upon the creation of the position are projected at \$2,500 for the purchase of computer and cell phone.

#### **Option #2 – Status Quo**

##### Benefits:

- No impact to operating budget.

##### Weaknesses:

- Capital projects will continue to require support from the finance department
- Project management capacity will be limited for larger, more complex projects.

#### **RECOMMENDATION**

Option #1 - Add a Project Accountant to the Engineering Projects Section in 2023.