
MEMORANDUM**PWC-C 18-2019****Subject: Water Capital Variance Project Transactions – January to April, 2019****Date: June 11, 2019****To: Public Works Committee****From: Dan Ane, Manager, Program Financial Support**

This memo is provided in response to the following Councillor Information Request made at the Public Works Committee meeting held on May 7, 2019:

Provide an itemized breakdown of the Capital Variance - Water Project for the period January 1, 2019 to April 30th, 2019. Councillor Fertich.

The activity in the Capital Variance – Water Project for the period January 1, 2019 to April 30, 2019 is as follows:

Water Capital Variance Project	Amount	Description of Activity
Balance - January 1, 2019	\$ 999,874	
Project Closures	430,101	20000463 - Chemical System Upgrade - \$301,635 20000610 - Hardware and Software Upgrade - \$128,465
Budget Reductions on Active Capital Projects	108,162	10CW1504 - Pressure Booster - Project forecasting a surplus
External Revenue Received After Project Closure	15,400	10CW0813 - Welland WTP
Balance - April 30, 2019	\$ 1,553,537	

During the 2018 calendar year, \$1,367,000 was transferred to the Capital Variance – Water Project from closed Water projects and budget reductions on active Water projects. A total of \$530,000 was transferred to active Water projects from the Capital Variance – Water Project to fund unforeseen costs during 2018.

Capital Variance Project Process

Capital projects occasionally require more or less funding than in the approved budget. The Capital Variance (CV) Project is intended to be an alternative means of managing unforeseen capital costs. Throughout the year, project variances are managed through either requesting extra budget dollars from the CV Project, or by transferring excess capital project budget dollars to the CV through budget reductions/closures. Staff continually monitor projects that may be closed or budget reduced in order to return funds to the CV Project in a timely fashion. The CV Projects typically begin the fiscal

year with a balance of \$1,000,000. A separate Capital Variance Project exists for each of Levy Program, Waste Management, Wastewater, and Water programs.

Transfers to the CV do not require approval. Requests less than \$250,000, one-time or cumulative on a project, may be approved by the departmental Commissioner or Director, in combination with the Commissioner of Enterprise Resource Management Services. Requests in excess of \$250,000, one-time or cumulative on a project, require Council approval.

The excess funds in CV Projects are transferred to the respective capital reserves for use in the long-term capital affordability strategy as part of the year-end transfer report.

A reconciliation of all CV Projects is provided in the published quarterly financial reports on the Niagara Region website for the Q2 (June), Q3 (September) and Q4 (December) quarter ends.

Respectfully submitted and signed by,

Dan Ane, CPA, CA
Manager, Program Financial Support