



Conservation Halton

# Board of Directors

MEETING PACKAGE

APR 2020



Family walk at Hilton Falls



**MEETING NO: #** 04 20 Conservation Halton Board of Directors AGM

**DATE:** April 23, 2020

**TIME:** 3:00 P.M.

**VIDEO CONFERENCE:** <https://zoom.us/j/94269747619?pwd=MGVlSm43QkpqQlpCd3JqeXFuY0NZUT09>  
Password: 633024

**Teleconference:** Dial In Number: 1-866-613-5223 or 1-416-204-9354

When prompted, enter the conference access code: 8093917, followed by “#”

## AGENDA

### PAGE #

1. **Roll Call**
2. **Acceptance of Agenda as distributed**
3. **Disclosure of Pecuniary Interest for Board of Directors**
4. **Consent Items**

Approval of Conservation Halton Board of Director Meeting Minutes dated April 1, 2020	4-7
---	-----
- 4.1 Kelso Dam Update  
(CHBD 04 20 01) 8-9
- 4.2 Kelso Spill Update – Beyond Restoration  
(CHBD 04 20 02) 10-11
- 4.3 Maplehurst Correctional Centre Flood Mitigation Feasibility Study  
(CHBD 04 20 03) 12-20
- 4.4 Science & Partnerships Highlights 2019  
(CHBD 04 20 04) 21-28
- 4.5 2020 Protecting People and Property: Ontario’s Flooding Strategy  
(CHBD 04 20 05) 29-32
- 4.6 Provincial Policy Statement  
(CHDBD 04 20 06) 33-34
- 4.7 Update on the Development of Conservation Halton Technical Submission Guidelines  
(CHBD 04 20 07) 35
- 4.8 Health & Safety Report 2019 Q4 and 2020 Q1  
(CHBD 04 20 08) 36-38

4.9	Purchasing Report February – April 2020 (CHBD 04 20 09)	39-40
<b>5.</b>	<b>Action Items</b>	
5.1	2019 Audited Financial Statement (Audit Findings presentation by Matthew Betik, KPMG Engagement Partner) (Report #: CHBD 04 20 10)	41-94
5.2	2019 Budget Variance Report (Report #: CHBD 04 20 11)	95-108
5.3	2019 YE Investments and Investment Revenue (Report #: CHBD 04 20 12)	109-112
5.4	2019 YE Capital Projects (Report #: CHBD 04 20 13)	113-116
5.5	Policy Repeal and Modification – Policy 4.2.5 Spills Conservation Halton Policies and Guidelines for the Administration of Ontario Regulation 162/06 and Land Use Planning Policy Document (April 27, 2006 as amended February 25, 2016) (Report #: CHBD 04 20 14)	117-118
<b>6.</b>	<b>CAO Verbal Update/Presentation</b>	
6.1	2019 Year in Review (Presentation by Hassaan Basit, CAO)	
<b>7.</b>	<b>Other Business</b>	
<b>8.</b>	<b>IN CAMERA</b>	
8.1	Legal Matter (Report #: CHBD 04 20 15)	
8.2	Personnel Matter (Report #: CHBD 04 20 16)	
<b>9.</b>	<b>Adjournment</b>	

**MEETING NO: #** 03 20 Conservation Halton Board of Directors

---

## MINUTES

A meeting of the Conservation Halton Board of Directors was held on Wednesday, April 1, 2020 at 10:00 a.m. via teleconference.

**Members Present:**

Rob Burton  
Mike Cluett  
Joanne Di Maio  
Cathy Duddeck  
Allan Elgar  
Steve Gilmour  
Dave Gittings  
Zeeshan Hamid  
Moya Johnson  
Gordon Krantz  
Bryan Lewis  
Marianne Meed Ward  
Rory Nisan  
Gerry Smallegange  
Jim Sweetlove  
Jean Williams

**Absent:**

Hamza Ansari  
Rick Di Lorenzo  
Zobia Jawed

**Staff present**

Kim Barrett, Associate Director, Science & Partnerships  
Hassaan Basit, CAO/Secretary-Treasurer  
Adriana Birza, Manager, Office of the CAO  
Niamh Buckley, Administrative Assistant  
Craig Machan, Senior Manager, Kelso/Glen Eden & Park Operations  
Kellie McCormack, Senior Manager, Planning & Regulations  
Plezzie Ramirez, Senior Manager, Human Resources  
Katie Skillen, Associate Director, Marketing and Communications  
Barb Veale, Director, Planning & Watershed Management  
Mark Vytvytskyy, Interim Director, Parks and Operations  
Lawrence Wagner, Senior Director, Corporate Services

Chair Gerry Smallegange called the conference call to order at 10:04 a.m.



1. **Roll Call**

2. **Acceptance of Agenda as distributed**

**CHBD 03 01:**           Approved by: Rob Burton  
                              Seconded by: Cathy Duddeck

That the Conservation Halton Board Agenda be **approved as distributed**.

*Carried*

3. **Disclosure of Pecuniary Interest for Board of Directors**

There were **NONE**.

4. **Consent Items**

Approval of Conservation Halton Board of Director Meeting minutes dated February 20, 2020.

Approval of Conservation Halton Board of Director Inaugural Meeting minutes dated February 20, 2020.

The consent items **were adopted**.

5. **Action Items**

- 5.1 Amendment to The Halton Region Conservation Authority General Membership By-law No. 2018-01  
(Report #: CHBD 03 20 01)

**CHBD 03 02:**           Approved by: Marianne Meed Ward  
                              Seconded by: Rory Nisan

THAT the Conservation Halton Board of Directors **approve amendments to Section 10 of The Halton Region Conservation Authority (Conservation Halton) General Membership By-law No. 2018-01 to enable Electronic Participation during declared emergencies in the area over which Conservation Halton has jurisdiction as outlined in this report.**

And

THAT the Conservation Halton Board of Directors **direct staff to post the amended General Membership By-law No. 2018-01 on the Authority's website, [www.conservationhalton.ca](http://www.conservationhalton.ca)**

And

THAT the Conservation Halton Board of Directors **direct staff to post the MECP Minister's Direction that enables conservation authorities to convene a special**

**meeting of the board electronically in order to make the necessary amendments to their By-law to deal with emergencies on [www.conservationhalton.ca](http://www.conservationhalton.ca)**

***Carried***

- 5.2 Proposed reconstruction of a dwelling within the Erosion Hazard Limit associated with Lake Ontario, 3300 Lakeshore Road West, Town of Oakville, Regional Municipality of Halton, CH File No. A/20/O/06  
(Report #: CHBD 03 20 02)

**CHBD 03 02** Moved by: Jim Sweetlove  
Seconded by: Jean Williams

**THAT the Conservation Halton Board of Directors receives for information the Staff Report No: CHBD 03 20 02 related to proposed development at 3300 Lakeshore Road West, Oakville, Regional Municipality of Halton, CH File No. A/20/O/06.**

And

**THAT the Conservation Halton Board of Directors approve the issuance of a permit for the reconstruction of a dwelling within the erosion hazard limit associated with Lake Ontario, 3300 Lakeshore Road West, Town of Oakville, Regional Municipality of Halton, CH File No. A/20/O/06.**

***Carried***

## **6. Other Business**

Cathy Duddeck inquired as to how CH is handling trespassing in the closed conservation areas. CAO, Hassaan Basit advised that there has been a big improvement in deterring trespassers with the installation of temporary fences and the help of the City of Burlington and Town of Milton by-law enforcement officers, CH staff and Halton Regional Police issuing tickets to offenders. The number of tickets went down from 250 to 30 over the last weekend. The compliance has improved however it is not at 100%. CH staff has closed the gates, installed 8 feet fences and are patrolling the parks on a regular basis.

Marianne Meed Ward inquired as to how is CH handling future events. The CAO advised that CH will continue to monitor the situation based on what is being advised by both provincial and federal government and health authorities but that some events planned will be moved to later in the year. The CH Foundation Gala which was scheduled for June 18 has been pushed to September. There will be more information shared on this soon.

Mayor Meed ward also inquired how CH plans to mitigate the need for residents to access green space as the weather becomes warmer. CAO, Hassaan Basit advised that CH is investigating and preparing a pilot for allowing access to parks via a controlled system approach. CH is actively investing in and enhancing online registration, ecommerce, touchless payment, electronic gates and active traffic monitoring technology

within parks. With this capability and ensuring that social distancing takes place, we may be able to go reopen the conservation areas at least for an initial pilot.

Dave Gittings inquired as to the CH permits status. CAO, Hassaan Basit confirmed that CH is continuing to process permits. Hassaan Basit has been in regular contact with BILD and the developers in the area and all parties concerned are eager to continue to move forward. Permit/planning guidelines during COVID-19 have been shared with BILD to socialize with their members from the development community.

Bryan Lewis inquired as to the status of CH staff salaries and working location. The CAO confirmed that 90% of staff can work remotely. CH is predicting a deficit for the 2 weeks in March with the early closure of Glen Eden and the cancellation of Maple Town and potentially from May to June. CH will continue to monitor the situation. CH will apply for subsidies that are available from the Federal Government.

Chair Gerry Smallegange inquired as to the status of the Dam Operation and in the event of a flood scenario, would CH be equipped to manage the flood operations. CAO, Hassaan Basit confirmed that we identified flood forecasting and dam operations as an essential service several weeks ago when COVID-19 was threatening to become a global pandemic. During this time, we updated all SOP's for these critical functions to mitigate against increasing levels of disruption caused by COVID-19. As a result, we have trained additional staff to ensure back-up, installed additional digital tools to monitor operations and have the ability to monitor our reservoirs as well as dynamic weather conditions and issue warnings and forecasts based on models from remote locations.

Gerry Smallegange inquired if the CH April 23 AGM will take place. CAO, Hassaan Basit confirmed that CH will host the April 23<sup>rd</sup> BOD Meeting/AGM via video conference. CH Board members will receive details and instructions to join this video conference call closer to the time.

***Carried***

## **7. Adjournment**

**CHBD 03 03**

Moved by: Gordon Krantz

That the Conservation Halton Board of Directors teleconference **be adjourned at 10:24 a.m.**

***Carried***



**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 01

**REPORT FROM:** Mark Vytvytskyy, Interim Director, Parks & Operations

**DATE:** April 23, 2020

**SUBJECT:** Kelso Dam Update

---

## MEMO

This briefing memo is in response to the following resolutions that were made during the Conservation Halton Board of Directors meeting on April 28, 2016:

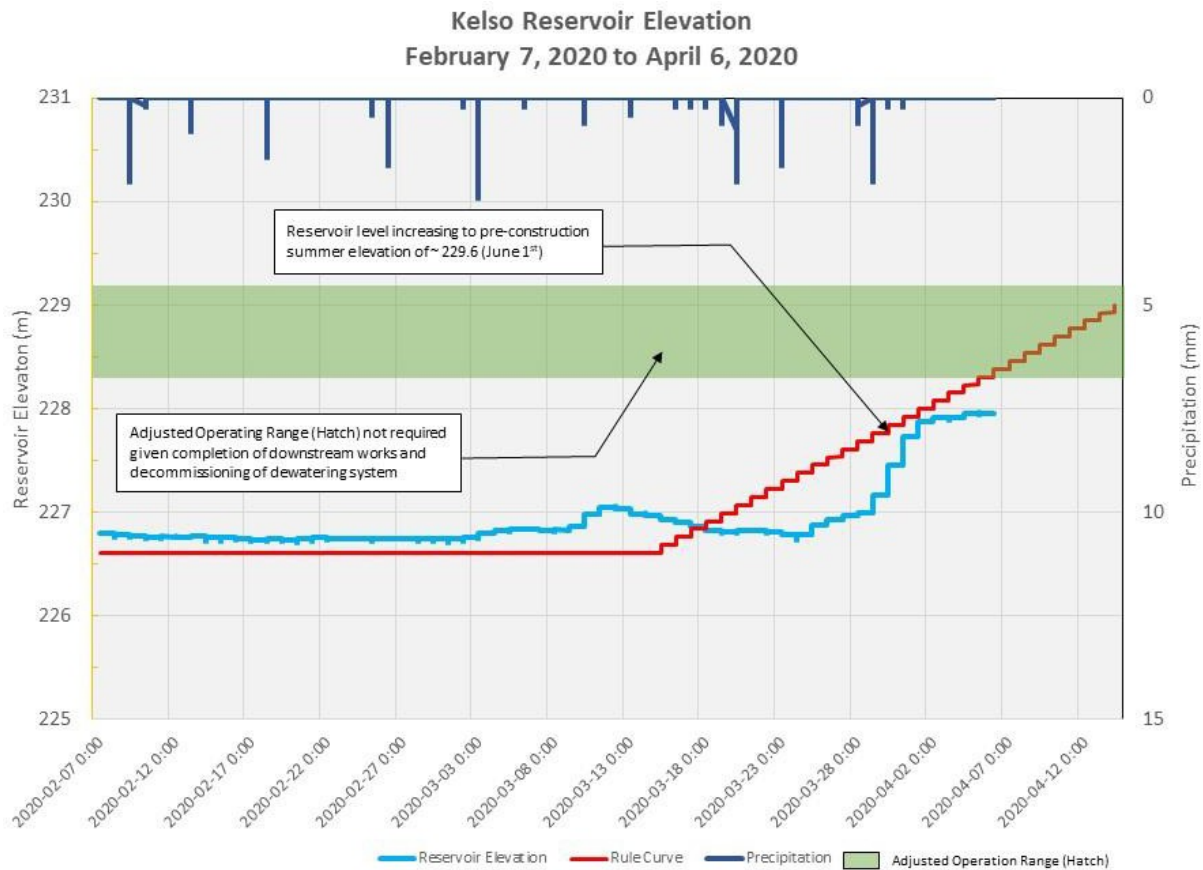
- The Conservation Halton Board of Directors **direct staff to provide monthly updates as to the status of Kelso Dam, including water levels, plume sightings, project progress and any remedial actions being undertaken;** and
- The Conservation Halton Board of Directors **direct staff to work with the Ministry of Natural Resources and Forestry, Halton Region and Hatch to expedite, to the extent possible, the permanent remedial measures required to mitigate the dam breach risk at the Kelso Dam.**

### ***Kelso Reservoir Water Levels and Monitoring***

Regular visual inspections continued around the dam and outlet structure for several weeks following completion of the work and decommissioning of the groundwater dewatering system. No observations of leakage, seepage, slumping, slope erosion or abnormal groundwater levels were observed during that time; as a result, monitoring has been reduced to pre-construction conditions. Conservation Halton staff are currently monitoring and recording the conditions at the Kelso dam as follows:

- Automated and continuous recording of rainfall, air and water temperature, reservoir water level, storage volume and discharge and piezometer (groundwater) readings within the earthen embankment with automated alarming of programmed thresholds; and
- Daily remote visual monitoring of the outlet structure, dam embankments and completed downstream outlet works using web cameras; and
- Weekly onsite visual inspections of the outlet structure, dam embankments and completed downstream outlet works.

The following chart illustrates the recorded water levels within the Kelso reservoir, including the water level operating range recommended by Hatch during construction.



### **Recent Work and Next Steps:**

The Kelso reservoir level is currently being increased to the prescribed summer water level (pre-2015) over the next several months.

Remaining construction activities are scheduled to start at the end of April and extend until the end of May.

Tasks will include:

- Final grading and landscaping;
- Exclusionary fencing;
- Guard rail and curve widening on East side;
- Dam crest asphalt removal and repaving; and
- Cleanup and demobilization.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 02

**FROM:** Mark Vytvytsky, Interim Director, Parks

**DATE:** April 23, 2020

**SUBJECT:** **Kelso / Glen Eden Soil and Groundwater Remediation Works Update**

---

## MEMO

As detailed in previous reports, the spill occurred on December 24<sup>th</sup>, 2018 with remediation starting soon after. This Memo is an update to the June 27<sup>th</sup>, 2019 report number CHBD 07 19 07, *Kelso / Glen Eden Soil and Groundwater Remediation Works*.

The soil and groundwater remediation at the East Lodge of Kelso/ Glen Eden has been ongoing since summer 2019 and was mostly completed in December 2019 with the remainder of the works postponed to start in April/May 2020 to avoid any business interruption. This delay of works allowed for 2020 Winter activities at Glen Eden to proceed without any disruption.

Remediation and monitoring since June included further debris removal, pollution cleanup, soil remediation, monitoring wells and soil testing by Stantec, repairs and cosmetic works on the East Lodge prior to the opening of the ski season. This allowed us to provide customers and staff with adequate facilities. Works ended December 20, 2019 for the opening of the ski hill. Further remediation to meet the TSSA Compliance Order requirements are planned for completion by August 2020.

The total cost of the project is currently estimated at \$1.7 M, including the remainder of the works which will take place in the Spring 2020 and is estimated at \$117,000.

We have received confirmation of insurance coverage of \$1 M for the following:

Conservation Authority of Ontario Group Insurance Program through Marsh Insurance Brokers (primary policy) has confirmed coverage under our Property Insurance:

- \$250,000 for Pollution Cleanup
- \$250,000 for Professional Services



- *Potential additional coverage of \$500,000 is under negotiations for Debris Removal and Enhanced Debris Removal, sub-limits of \$250,000 each. The deductible is to be determined.*

Premises Pollution Liability Insurance Policy through Gougeon (secondary policy) has confirmed \$500,000 of coverage with a \$10,000 deductible.

A draft claim was submitted January 28, 2020 to the Adjusters for both policies for the \$1.37 M spent up to December 30, 2019. Claim settlement discussions and review are ongoing with the Insurance companies. The final claim submission will occur after Spring 2020 works are completed with settlement by December 2020.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 03

**FROM:** Nigel Finney, Project Manager, Restoration & Conservation

**DATE:** April 23, 2020

**SUBJECT:** **Maplehurst Correctional Centre Flood Mitigation Feasibility Study,  
#PL0011-19-01**

---

## Recommendation

THAT the Conservation Halton Board of Directors **receives for information the Staff report concluding the Maplehurst Correctional Centre Flood Mitigation Feasibility Study.**

## Executive Summary

The objectives for the study was to evaluate options to mitigate the effects of riverine flooding and erosion, loss of life and property at the Maplehurst Correctional Centre. New models resulted in updated flood inundation maps and flood risk ranking which indicated that 38% of the property is at high risk during a Regional Storm event. The model demonstrated that the main cause of onsite flooding is due to undersized culverts located beneath the CN Railway. Approximate flood damage costs were calculated, and options were modelled to evaluate a reduction in flooding. It is recommended the project move forward to a Class Environmental Assessment to further evaluate alternatives and select a preferred option.

## Report

### Maplehurst Study

The provincial Maplehurst Corrections Centre is subject to flooding during a regulatory (Hurricane Hazel) storm event from tributaries to the Sixteen Mile Creek. Riverine flooding from the three tributaries put 38% of the Maplehurst property within a high-risk flood zone according to provincial standards. The flood risk poses a significant risk to loss of life for staff and inmates as well as damage to the Maplehurst and surrounding properties.

Located on 43 hectares (106 acres) of land at Highway 401 and Regional Road 25 in Milton, the Maplehurst Correctional Centre is a medium and maximum-security facility with 1,500 inmates and 800 staff and is managed by the Province of Ontario.

Conservation Halton, Infrastructure Ontario (IO), and the Ontario Ministry of the Solicitor General (SOLGEN) retained Matrix Solutions Inc. to consider alternative ways to protect the correctional centre from future flood events and the reduce the risk to life and property. The one-year Flood Mitigation Study has been completed providing preliminary alternatives and recommendations of next steps.

## Project Funding

On September 27, 2018, Conservation Halton Board of Directors carried a resolution put forward in the Board Report 06 18 08 that supported an application for federal funding under the National Disaster Mitigation Program (NDMP) in the amount of \$140,454 with 50% matching funding from the Province of Ontario.

On March 28, 2019, Conservation Halton received official confirmation from the Ministry of Municipal Affairs and Housing that Public Safety Canada had approved the funding for the project. A presentation regarding this project was provided at the Conservation Halton Board of Directors tour on May 23, 2019.

## Flood Risk

The Maplehurst property has three separate watercourses, totalling 1.2 kilometres, flowing in from north of the site and exiting through three CN Railway culverts associated with the CN track deck berm. With correctional facility expansion in the 1960's, the province converted two of these creeks into concrete channels (785 metres) and a 200-metre section was buried. During large rainfall events, the culvert capacities for the CN Railway cannot pass the volume of upstream floodwaters. As a result, the flood waters create a backwater condition on the Maplehurst property and upstream properties. Eventually relief is found through the Regional Road 25 crossing beneath the CN Railway overpass.

Due to the concurrent schedules of the Urban Milton Flood Hazard Mapping Study, updated flow results were not available for this feasibility study. The flows from the Mapping Study will be used in future studies related to flood mitigation at Maplehurst.

The available flows and assumptions for the Scotch Block spill path were utilized for the feasibility study. A local-scale one-dimensional – two-dimensional (1D-2D) HEC-RAS model was developed to characterize the existing flood risk. This model was used to simulate 11 scenarios, including the 5-through 100-year design storm events, a 100-year climate change scenario, and five Regional storm scenarios.

Flood risk criteria is defined by three risk factors: depth, velocity and a factor of depth multiplied by velocity as per the Ministry of Natural Resources and Forestry technical guidance.

**Table 1: Flood Risk Criteria (adapted from MNRF 2002)**

<b>Risk Level</b>	<b>Low</b>	<b>Medium</b>	<b>High<sup>(1)</sup></b>
Depth	≤0.3	>0.3m and ≤0.8 m	>0.8 m
Velocity	≤1.7 m/s	≤1.7 m/s	>1.7 m/s
Depth x Velocity	≤0.37 m <sup>2</sup> /s	≤0.37 m <sup>2</sup> /s	>0.37 m <sup>2</sup> /s

(1) Exceedance of any one of the criteria results in high risk

High-risk flood zones do not facilitate safe access of any kind due to the depth of flood waters and the velocity of the flow in the floodplain. Over half of the Maplehurst property is deemed as a high-risk flood zone, including the entire main parking lot and up to 2 metres of flooding at the building's main



entrance. Access and egress from the buildings would be limited to the Vanier Centre for Women building entrance which adjoins Maplehurst.

See **Figure G1** showing the Regional and 100-year inundation boundaries under existing conditions.

See **Figure 2.4** denoting the flood risk results for the Regional Storm event with the Scotch Block spill onsite.

### Flood Risk Causes

Riverine flooding may be caused by several mechanisms including limitations to structure capacity (i.e. bridges and culverts), channel conveyance capacity, backwater conditions and a combination thereof.

The modelling results demonstrated that the driving cause of the severe onsite flooding is from a back-up of the Sixteen Mile Creek tributaries due to undersized downstream culverts located beneath the CN Railway. Matrix determined that any feasible mitigation options must first adequately address the undersized culverts.

The level of onsite flooding will be updated based on the findings from the Urban Milton Flood Hazard Mapping Study.

### Flood Damage Assessment Estimate

The full cost of on-site and off-site damages due to a Regional Storm cannot be calculated at this time.

Flood damage costs are both tangible (costs can be estimated) and intangible (social considerations). For tangible costs, these costs can be categorized as follows:

Direct: structures, contents of buildings and repairs thereof

Indirect: evacuations, emergency management wages, financial loss and removal of flood debris

#### ***Direct Costs:***

A portion of the direct costs for the Maplehurst Correctional Centre as a result of a Regional Storm with an onsite spill would be approximately \$26,100,000. Other direct costs, which have not been quantified, include damages to upstream commercial properties, infrastructure (i.e. roads and culverts), and provincial and staff vehicles.

This approximate was determined using Flood Damage Assessment curves which relate flood depth at a building to dollars of damage. While there are limitations for the use of these curves, it provides the best available estimates currently.

#### ***Indirect Costs:***

Values for evacuation and rehoming of this scale and magnitude have not been assessed before, by the Province or other proxy studies. As such, the indirect costs for this study area, which have not been quantified, would include but are not limited to:

- evacuations of 1,500 inmates and 800 staff including security requirements during the evacuation
- rehoming of 1,500 inmates until the facility can be re-opened
- replacement kitchen facilities for 9 facilities currently serviced by the Maplehurst cook-chill kitchen
- erosion and other property damage on the large facility lands
- upstream indirect costs for commercial properties, infrastructure, etc.

While overall direct and indirect flood damage costs have not been fully quantified, a Regional Storm event at this site would result in significant economic impacts.

### Flood Mitigation Feasibility

Various flood mitigation alternatives were assessed in order to reduce onsite and upstream flooding. Three alternatives were developed to increase conveyance through the existing Corrugated Steel Pipe (CSP) culverts under the CN Railway in order to reduce flood impacts to the site. For Alternative 2, additional conveyance improvements through the Maplehurst property were evaluated to further reduce flooding as a result of the undersized concrete channel and culverts.

Alternative 1: Maintain existing CN Railway CSP culverts and add concrete pipe culverts

Alternative 2: Replace existing CN Railway CSP culverts with concrete span culverts

Alt 2 + A – East diversion ditch

Alt 2 + B – Twin buried pipe

Alt 2 + C – West diversion

Alt 2 + D – Overflow ditch

Alternative 3: Alt 1 with additional new ditch along Regional Road 25 underpass

Alternatives were preliminarily screened by a variety of factors, including but not limited to: hydraulic, erosion, flow regime, biological, cultural, socioeconomic and engineering/technical aspects and costs.

The selection of an alternative is outside of scope for a feasibility study and is retained for a future Environmental Assessment of the project. This study evaluated the feasibility and practicality of the alternatives and recommended that Alt 2 + A and Alt 2 + C would not be preferred and should not be carried forward in the Environmental Assessment.

All other options reduce the extent and depth of flooding to varying degrees and flood risk maps were created for each alternative for the 100-year and Regional Storm inundation boundaries. Of the alternative to the CN Railway, Alternative 2 provided the most significant benefit to flood risk reduction. On-site conveyance improvements B, and D provided additional flood risk reduction when coupled with Alternative 2.

See **Figure G4** showing the modelled flood inundation boundary for mitigation Alternative 2 + B.

**Table 2: Regional Storm (with Onsite Spill) Hydraulic Assessment of Alternatives**

Area of Flooding (ha)	Existing	Alt 1	Alt 2	Alt 2B	Alt 2D	Alt 3
High Risk	16.31	9.7	7	6.2	6.5	8.8
Medium Risk	5.5	5.8	5.0	5.1	5.1	6.0

Low Risk Area	4.1	4.9	3.4	3.5	5.1	5.1
---------------	-----	-----	-----	-----	-----	-----

## Recommendations

An Environmental Assessment will be required prior to starting the design and implementation of any mitigation alternatives. This could be completed as a Conservation Ontario (CO) Class EA or Infrastructure Ontario Class EA. The *Class Environmental Assessment for Remedial Flood and Erosion Control Projects* is regulated by Conservation Ontario (January 2002, as amended in June 2013), under the *Ontario Environmental Assessment Act*. Discussions with the province have indicated a preference for a CO Class EA.

The Environmental Assessment to remedy the situation would need to be done in collaboration and coordination with Canadian National Railway Company, the Region of Halton's Highway 25 Transportation Corridor Improvements, and the Province of Ontario's Highway 401 Widening project. Consultation with all impacted agencies and the public would also be part of the EA.

Discussions for an Environmental Assessment funding agreement have been initiated with Infrastructure Ontario. If initiated in summer 2020, an EA could be completed by approximately Summer 2021.

## Report

For a copy of the report and appendices, please contact Niamh Buckley ([nbuckley@hrca.on.ca](mailto:nbuckley@hrca.on.ca) or 905 336 1158 x 2236).

Matrix Solutions Inc. 2020. Flood Mitigation Feasibility Study: Maplehurst Correctional Centre. Prepared for Conservation Halton. March 2020. 78 pages (Map Sets: 68 pages, Appendices: 183 pages).

## **Impact on Strategic Goals**

This report supports the Metamorphosis strategic theme of *taking care of our growing communities*. This project supports Conservation Halton's commitment to working with partners to prevent the loss of life and property due to flooding. This initiative also brings Conservation Halton expertise to support partnership with provincial agencies.

## **Financial Impact**

There is no financial impact for this report. Costs associated with implementing this proposal will be fully recovered by the NDMP grant and matching cash support from Infrastructure Ontario and the Ontario Ministry of the Solicitor General.

Signed & respectfully submitted:

Approved for circulation:



Nigel Finney  
Project Manager, Restoration & Conservation



Hassaan Basit  
CAO/Secretary-Treasurer



**FOR QUESTIONS ON CONTENT:**

Nigel Finney, Project Manager, Restoration & Conservation;  
905-336-1158, ext. 2305; [nfinney@hrca.on.ca](mailto:nfinney@hrca.on.ca)



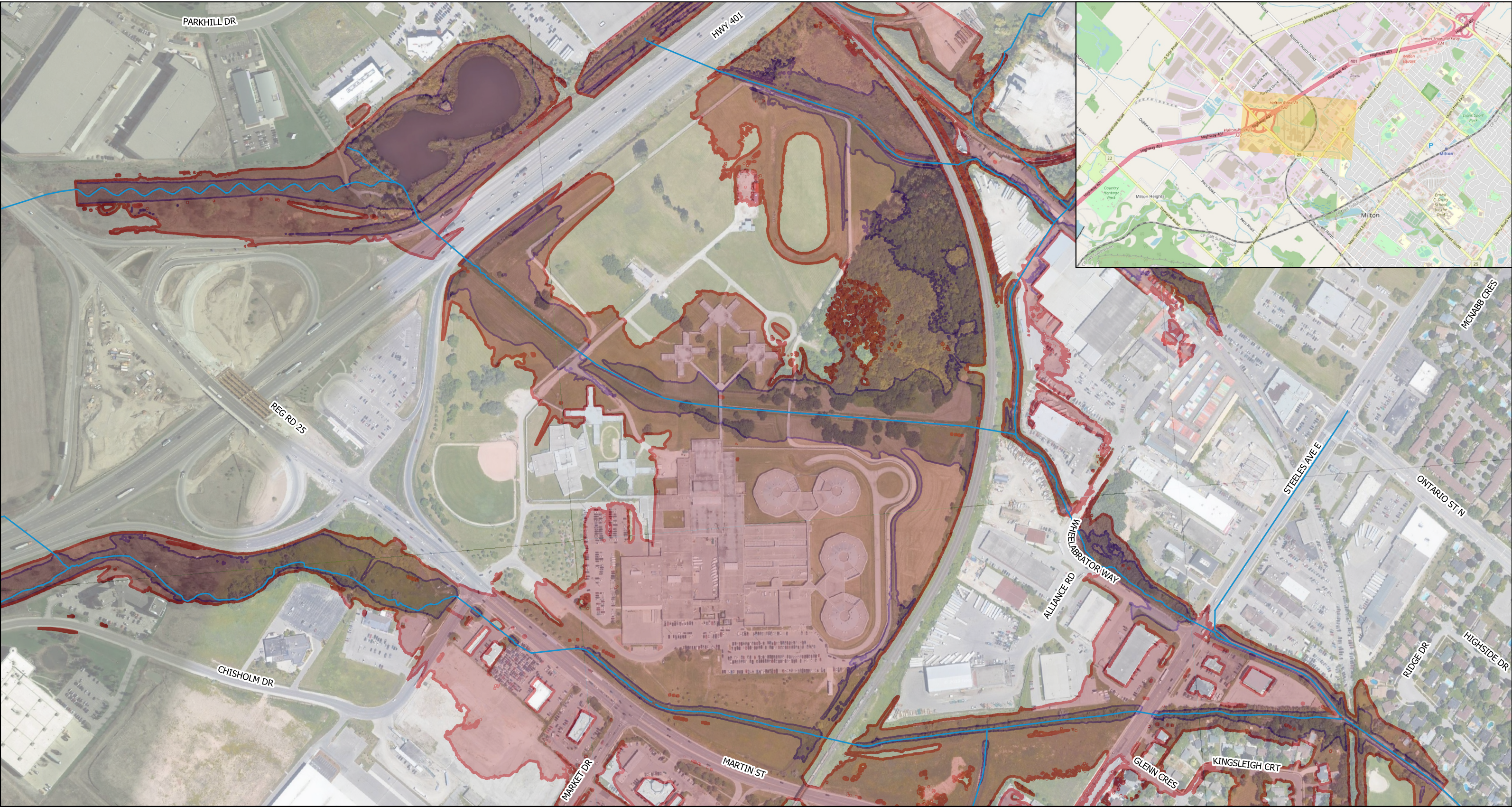
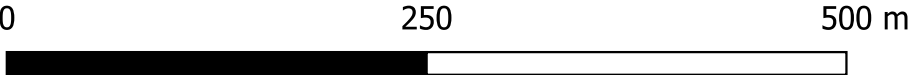


Figure Date: February 19 2020  
Run Date: February 11, 2020

- Watercourse
- Regional (Existing)
- 100-yr (Existing)

This drawing must be used in conjunction with the attached memorandum, Characterization Report: Maplehurst Correctional Centre Flood Mitigation Feasibility Study (2020) and is subject to the same limitations and conditions stated in the memorandum.



**Matrix Solutions Inc.**  
ENVIRONMENT & ENGINEERING

Maplehurst Correctional Centre  
Flood Mitigation Study

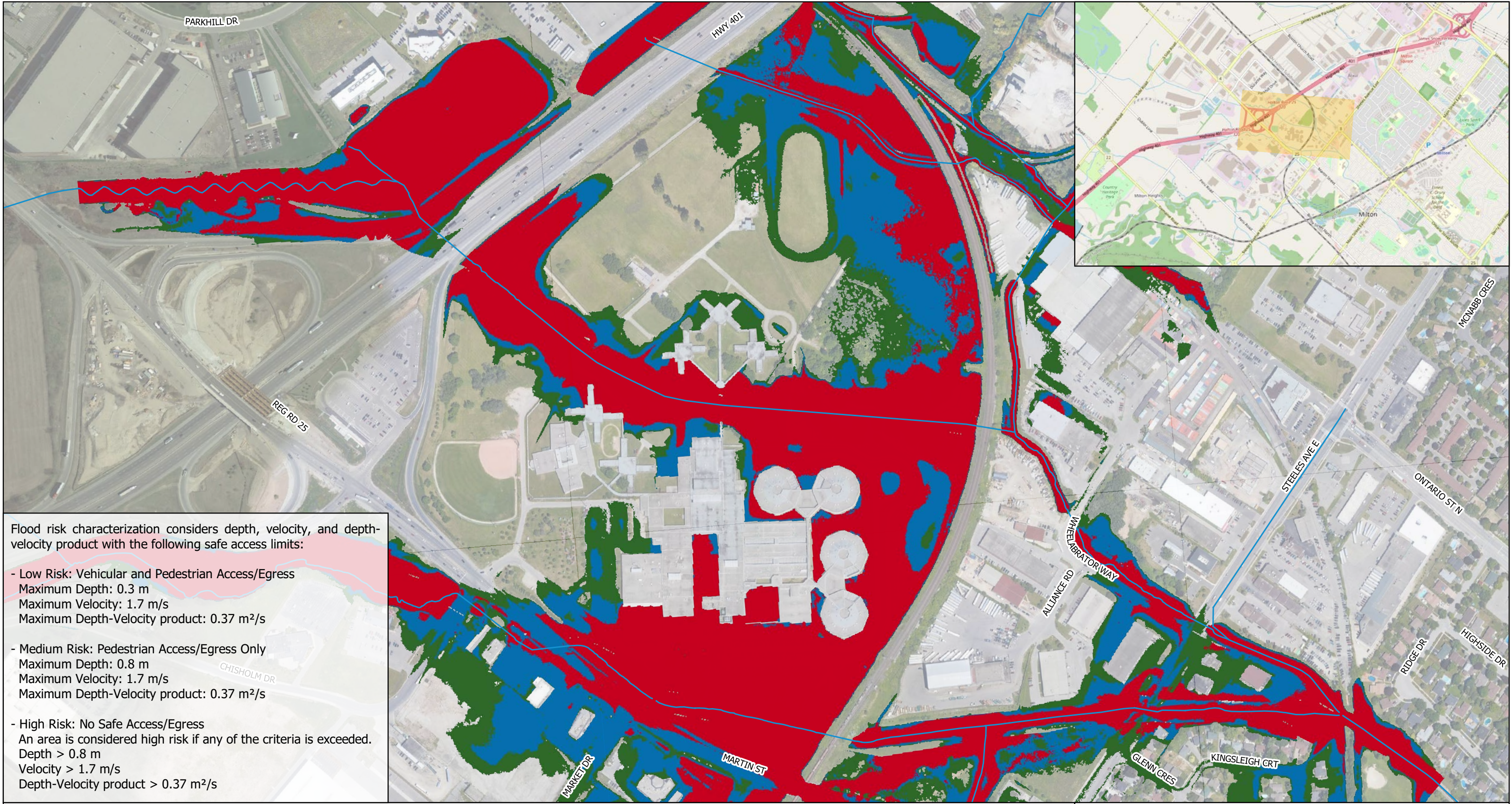
Project #: 28875

Regional and 100-yr Inundation Boundaries  
Existing Conditions

Disclaimer: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made by Matrix Solutions Inc. to ensure the accuracy of the information presented at the time of publication, Matrix Solutions Inc. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

Natalie Burrows  
Figure G1





Flood risk characterization considers depth, velocity, and depth-velocity product with the following safe access limits:

- Low Risk: Vehicular and Pedestrian Access/Egress  
Maximum Depth: 0.3 m  
Maximum Velocity: 1.7 m/s  
Maximum Depth-Velocity product: 0.37 m<sup>2</sup>/s
- Medium Risk: Pedestrian Access/Egress Only  
Maximum Depth: 0.8 m  
Maximum Velocity: 1.7 m/s  
Maximum Depth-Velocity product: 0.37 m<sup>2</sup>/s
- High Risk: No Safe Access/Egress  
An area is considered high risk if any of the criteria is exceeded.  
Depth > 0.8 m  
Velocity > 1.7 m/s  
Depth-Velocity product > 0.37 m<sup>2</sup>/s

Figure Date: February 11 2020  
Run Date: February 11, 2020

— Watercourse

**HECRAS Results**  
Risk  
Low  
Medium  
High

0 250 500 m

**Matrix Solutions Inc.**  
ENVIRONMENT & ENGINEERING

Maplehurst Correctional Centre  
Flood Mitigation Study

Regional Event - Onsite Spill  
Risk

Disclaimer: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made by Matrix Solutions Inc. to ensure the accuracy of the information presented at the time of publication, Matrix Solutions Inc. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

Ziyang Zhang  
Natalie Burrows

Figure 2.4

Project #: 28875



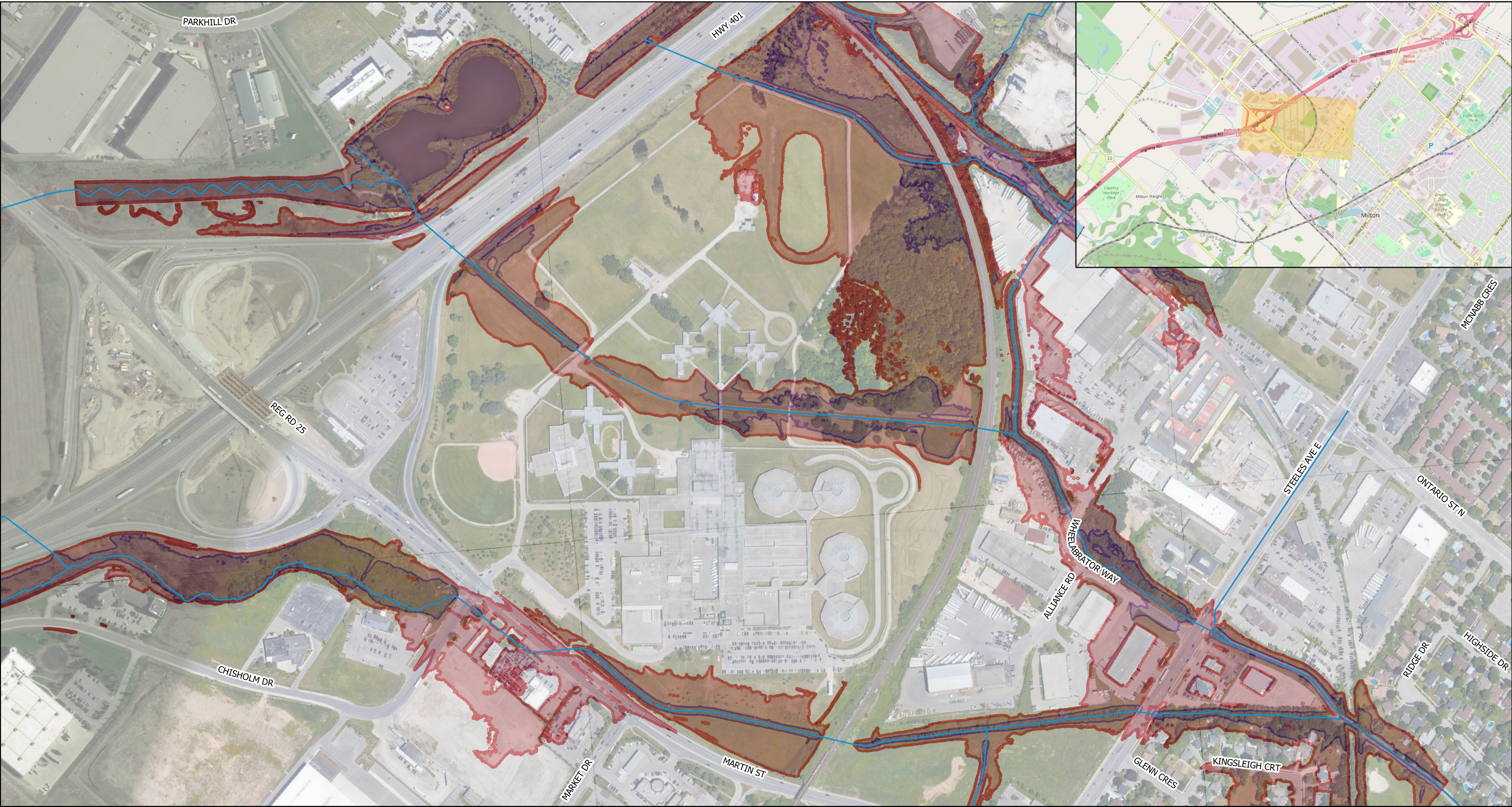
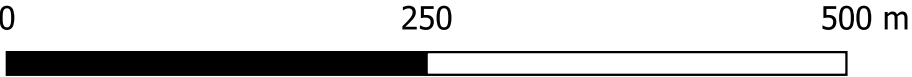


Figure Date: February 19 2020  
Run Date: February 11, 2020

- Watercourse
- Regional (Alt 2B)
- 100-yr (Alt 2B)

This drawing must be used in conjunction with the attached memorandum, Characterization Report: Maplehurst Correctional Centre Flood Mitigation Feasibility Study (2020) and is subject to the same limitations and conditions stated in the memorandum.

T:\28875 -Maplehurst Flood Feasibility Study\05 Analysis\Flood Risk Mapping 2020\0211\28875 Inundation Maps.qgz\Regional - Onsite Spill\pg4\2020-02-19



**Matrix Solutions Inc.**  
ENVIRONMENT & ENGINEERING

Maplehurst Correctional Centre  
Flood Mitigation Study

Project #: 28875

Regional and 100-yr Inundation Boundaries  
Alternative 2B

Disclaimer: The information contained herein may be compiled from numerous third party materials that are subject to periodic change without prior notification. While every effort has been made by Matrix Solutions Inc. to ensure the accuracy of the information presented at the time of publication, Matrix Solutions Inc. assumes no liability for any errors, omissions, or inaccuracies in the third party material.

Natalie Burrows  
Figure G4



**REPORT TO:** Conservation Halton Board of Directors

**REPORT #:** CHBD 04 20 04

**FROM:** Kim Barrett, Associate Director, Science & Partnerships

**DATE:** April 23, 2020

**SUBJECT:** **Science & Partnerships 2019 Annual Report**

---

## MEMO

This report presents highlights of the Science & Partnerships department's activities in 2019 in relation to three of the Objectives featured in Conservation Halton's Annual Report. It includes work carried out by Monitoring Ecology, Landowner Outreach and Restoration, Community Outreach, Forestry Tech Team and Hamilton Harbour Remedial Action Plan Office.

In collaboration with other CH departments and 150 environmental partnership initiatives, we engaged over 10,000 watershed residents in conservation outreach and stewardship activities. We continued to increase the ratio of external funding leveraged for conservation projects and monitored 190 ecological stations. Almost 100 ha of additional lands were protected through voluntary landowner agreements and the work of our partner conservation organizations. We removed over 7,000 hazardous ash trees and planted over 60,000 trees and thousands of shrubs.

### Objective 3: Education & Communication

- Conservation Halton has a core group of volunteers (Volunteer Core) who provide hands-on assistance with a variety of stewardship, outreach, restoration and monitoring projects. There were 16 active participants in the program this year. Additional Volunteer Core stats:
  - 75 unique volunteer events were available to volunteers
  - 555 hours donated
- This is the fourteenth year that Conservation Halton has co-presented (with Halton Region) the Halton Children's Water Festival at Kelso Conservation Area. To date, the Festival has reached almost 50,000 children in Grades 2-5 and has engaged almost 6,000 high school volunteers. Activity centres at the festival focus on the following themes:
  - Water Science and Technology
  - Water Conservation and Protection



- Water Health and Safety
- Water and Society

Elementary student attendance in 2019 was 3,525 students from Halton school boards, in addition to a small number of private schools and home-schooled children.

Attendance by Municipality	# of Students	% of attendance
Burlington	662	19%
Halton Hills	644	18%
Milton	1048	30%
Oakville	1098	31%
Other	73	2%

- Our “From the Ground Up” program engages school children in both in-class learning and hands-on restoration experience within the school neighbourhood. With guidance from our Community Outreach team, Pilgrim Woods Public School in Oakville hosted “The Big Pull”, a multi-school restoration project focused on removal of invasive garlic mustard. Over 150 students took part in the morning event, removing 73 garbage bags of garlic mustard from along McCraney Creek. In the afternoon, 30 senior students participated in the underplanting the riparian forest with native wildflowers and white pine.

88 Students from Pilgrim Woods participated in additional From the Ground Up programming on November 6<sup>th</sup> and 7<sup>th</sup>. These students were engaged in a day of in-class educational programming on biodiversity and invasive species. They then completed a second day of invasive species removal (buckthorn) and underplanted the forest with native species to support local biodiversity and deter additional invasives from spreading.

- The Hamilton Harbour Remedial Action Plan Office held two public stakeholder forums to consult with the community about proposed changes to update and modernize the delisting criteria for the Hamilton Harbour Area of Concern.
- Staff from Science & Partnerships and the Project Management Office starred in the taping of two TVO television series:
  - *Striking Balance* profiles Canada’s UNESCO Biosphere Reserves, in our case the Niagara Escarpment. Filming included two different segments, the first featuring the annual closure of King Road to protect migrating Jefferson Salamanders. The second was filmed at Kelso Quarry and focused on our fish habitat restoration work. The air date for the show is currently unknown at this time but is expected to be in the spring of 2020.

- *Fishheads* is a series for children 6-8 to educate them on different species of fish. Our episode was focused on the Silver Shiner, how to identify the species, its threats and what we have done at the Drumquin Park restoration project to assist with the species recovery. The air date for the show is currently August 27, 2020.
- Our Healthy Neighboursheds workshop series teaches watershed residents about how stormwater is managed in their respective communities and what they can do on their own properties to help adapt to the impacts of climate change. Workshops were held in all four Halton municipalities and attendance was over 300.
- CH Community Outreach delivered the Halton Forest Festival Public Day at Rattlesnake Point Conservation Area, with attendance at this popular event reaching 2,970
- The Stream of Dreams program blends an environmental message of protecting our streams and the fish which live in them with a community art installation. In 2019, this program reached 684 students.
- We hosted a number of tree planting events with volunteers from local businesses (Rogers, Siemens), community groups (scouts) and the general public.
- Other education and communication activities included:
  - Pollinator talk + bee box building session with City of Burlington's Halton Court Services
  - Robert Edmondson Fishing Derby- informal creek survey, and different fish species put on display for visitors
  - Mammals of Oakville presentation at St. St. Joan of Arc Catholic Elementary Schools Family Fun Night
  - RBG Hamilton & Halton Youth Promoting the Environment (HHYPE) Skill Share - presented Milkweed for Monarchs, seed ball creation accompanied by interpretation
  - Staff spoke to over 1000+ students and general public about the successes and challenges of Hamilton Harbour remediation at the Canada Centre for Inland Waters Open House in Burlington.
- Staff supported other community organizations and municipalities by participating at the following events:
  - Oakville Green Arbourview Park Tree Planting Event and Guided hike
  - Cogeco Community Relations Internal Open House
  - Halton Hills Sustainability Fair

- Bay Area Climate Change Youth Summit
- Halton Climate Collective Generation Green Youth Un-conference
- Christmas Tree Restoration – We use upcycled Christmas trees in restoration projects to build habitat and restore stream form and function. In 2019, the techniques caught the attention of CBC News, CFRB1010, local news outlets and was even highlighted in Australia on social media and viewed by over 1million users.
- Watershed Stewards Appreciation Day is an annual event that is co-hosted by Conservation Halton and Hamilton Conservation Authority. The event celebrates the ongoing contributions made by private landowners to stewarding the natural lands on their property. The event annually attracts 80-100 participants.

### **Objective 5: Partnerships**

- The Cootes to Escarpment EcoPark System is a collaborative of the following:
  - Conservation Halton
  - City of Burlington
  - City of Hamilton
  - Halton Region
  - Royal Botanical Gardens
  - McMaster University
  - Hamilton Conservation Authority
  - Bruce Trail Conservancy
  - Hamilton Naturalists' Club

The partnership allows for landscape-level coordination of the management of environmentally significant lands owned by eight of the participating agencies. Conservation Halton has taken on a leadership role in coordinating landowner outreach and restoration activities among the partners:

- Two-year Red Mulberry (Endangered tree species) research and restoration project with City of Hamilton, Hamilton Conservation Authority and University of Guelph, funded by MNRF
- Two workdays with BurlingtonGreen to remove European Buckthorn
- Use of volunteers in “Ecocise” removal of invasive species (Dog Strangling Vine) with Hamilton Conservation Authority
- Agricultural Stewardship Project Farm Tour with Hamilton Conservation Authority to show farmers the results of projects undertaken by other farmers under the respective CA stewardship programs
- Planting of understory plants at Kerns Park (City of Burlington) with McMaster DeGroote School of Business
- Workshops to engage corporate partners in green infrastructure in partnership with Carolinian Canada and DeGroote

- Staff participated in Oakville North-Burlington MP Pam Damoff's Young Women in Leadership Program acting as a mentor to a student from Garth Webb high school in Oakville. Along with another student participating through Engineering, the girls were able to discover what it was like to be an Ecologist by completing salamander surveys and benthic invertebrate surveys with staff.
- We partnered with Niagara College Restoration Ecology students and Baba Link Organic Farm in Hamilton. The students helped to design and provide a plan for a wetland creation project on this property as part of their course work and pitched in to plant live stakes and build wildlife habitat around and in the newly formed wetland. We also hosted a "Herbivores, Not Herbicides" event to showcase the use of goats as an alternative to pesticides for the control of invasive plants.
- An innovative partnership and model of sustainability came about in late 2019 between CH and Notre Dame Secondary School. We will be providing the school with ash sawlogs from trees removed through our Emerald Ash Borer project. The school's woodworking program will turn the logs into wood products that can be sold to help offset student fees for those in need, and the carbon in the trees will remain sequestered, thus helping to mitigate GHG emissions.
- Conservation Halton is a member of the leadership team of the Halton Climate Collective, which also includes Halton Region and all local municipalities, public and Catholic school boards, Halton Environmental Network and the University of Waterloo. The Collective undertook a number of outreach activities in 2019, launching on the web and social media, and facilitating the Generation Green Youth Un-conference which drew over 200 participants who have committed to ongoing climate action.
- The Hamilton Harbour Remedial Action Plan (HHRAP) Office hosted workshops to share the latest watershed projects and initiatives, and how they are affecting the state of the Harbour.
- The HHRAP hosted its first ever community fish fry on a First Nations reserve (Mississaugas of the Credit First Nation). It is part of a fish consumption survey initiative to understand what fish are being consumed from Hamilton Harbour. This is an important milestone as it signifies the first relationship between the HHRAP and a First Nations community. We hope to continue this friendship.
- S&P represents CH as a steering committee member of the Green Infrastructure Ontario Coalition. The purpose of GIO is to increase awareness and support of, funding for and implementation of green infrastructure in Ontario.

- We are participating in the Hungry Hollow Sustainable Neighbourhood Action Plan taking place in the Town of Halton Hills.
- S&P had another very productive year in terms of leveraging external funding for outreach and restoration projects. Funding sources included the following:
  - Environment and Climate Change Canada
  - Fisheries and Oceans Canada
  - Ministry of Natural Resources and Forestry
  - Ministry of Transportation of Ontario
  - Halton Region
  - Union Gas
  - Trans Canada
  - Siemens/Tree Canada
  - Toronto Dominion Bank
  - Royal Bank of Canada
  - Trout Unlimited Canada
  - Molson Foundation/Federation of Anglers and Hunters
  - SC Johnson
  - Burlington Community Foundation
  - Meighen Foundation
  - Jack Kimmel Grant

### Objective 7: Resource Management

- Monitoring at Glenorchy Conservation Area continues to demonstrate the success of Conservation Halton's long-term restoration efforts:
  - For the second year in a row Bobolink (bird species at risk) were observed in the grassland created with funding from Region of Halton.
  - Amphibian monitoring revealed Western Chorus Frog (frog species at risk) at one new station on the property and at previously identified locations
  - Staff used handheld acoustic recorders to conduct bat monitoring in support of the trail EIS
- Our Ecology team works with both internal and external clients whose construction projects require dewatering of creeks or ponds. We completed a large fish rescue at a stewardship restoration project on Limestone Creek. Over 21,000 fish and 141 tadpoles were relocated downstream in order to remove them from the construction area. Fish rescues conducted for the Drumquin Park and Kelso Dam projects yielded several interesting records, including species at risk.
- Aquatics staff are working with Stewardship to evaluate turbidity levels in creeks associated with in-water works. Staff are monitoring turbidity levels before, during and after construction as well as through rain events to provide answers to



the Planning Ecology team regarding the impacts of sedimentation during construction activities.

- Ecology continues to work on statistical review and updates to the Long-term Environmental Monitoring Program in order to make the program more efficient, while providing meaningful information to assess the health of our watershed.
  - We will now be monitoring soil temperature at our long-term monitoring sites which will provide information on the impacts of climate change on forest health, and we are having the soil tested for soil nutrients, heavy metals and the carbon: nitrogen ratio (a primary indicator of forest nitrogen and atmospheric deposition).
  - In response to statistical review of our forest bird monitoring program, new stations were added at many of our monitoring sites to increase our level of confidence in trends we are detecting from our data.
  - 2019 marks the start of an expanded surface water temperature monitoring program across the CH watershed. Almost 90 temperature dataloggers will be installed to monitor changes in water temperature over time. This is almost triple the number of loggers that were previously installed and rotated between sites annually.
- 62,000 seedling trees were planted throughout the watershed with the 50 Million Tree Program. Tree survival assessments for previous plantings were also completed across the watershed.
- 7,439 ash trees were removed through our Emerald Ash Borer capital project in 2019. With understory planting set to begin in 2020, this project is guiding the recovery of our forests from the significant impact of this invasive insect.
- 74 restoration projects were undertaken, including over 13,000 trees and shrubs planted, 2km of stream rehabilitated and 81 acres of water quality and/or habitat improvements undertaken.
  - Phase 2 construction was completed on a large-scale restoration project on Limestone Creek that was first identified as a priority in the 2002 Bronte Creek Watershed Study. The project involved removing a weir, removing an earthen dam, decommissioning 2 online ponds, constructing 100m of natural channel, constructing 2 floodplain wetlands, installation of 2 turtle nesting sites, riparian planting and seeding. Further riparian and wetland planting is proposed for 2020.
  - A stone weir was removed on private property, which will result in improved fish passage and improved stream temperatures for fish
  - Channel narrowing continued at Courtcliffe Park using upcycled Christmas trees.

- Initial Outreach commenced for Redside Dace habitat restoration works in the Sixteen Mile Creek watershed in Milton and Halton Hills. Some projects have been negotiated with planning well underway for 2020 and 2021 execution.
- Restoration staff have actively been identifying and tracking restoration opportunities in the new Restoration Opportunities Database. There are now over 600 restoration project opportunities tracked.
- Two Low Impact Development projects were installed in Burlington and one in Waterdown as part of the Hamilton Harbour Water Conservation Fund.
- Terrestrial ecology staff have worked on collecting and organizing species data for the Mountsberg Master Plan.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT #:** CHBD 04 20 05

**FROM:** Barbara J. Veale, Director, Planning & Watershed Management

**DATE:** April 23, 2020

**SUBJECT:** **2020 Protecting People and Property: Ontario's Flooding Strategy**  
**CH File No.: PPL 058**

---

## MEMO

In 2019, the Province retained a Special Advisor on Flooding review and assess Ontario's approach to flooding. The report as released on November 28, 2019 and provided a brief history of flood hazard management in Ontario, a review of Ontario's approach to managing flood risk, and identified challenges and opportunities to managing flood risk. The Special Advisor, Mr. Doug McNeill, provided 66 recommendations for improvements. The report contained no comments or recommendations that suggested significant changes to the Conservation Authorities' (CA's) mandate in managing the risk of flood hazards or reducing provincial funding to CAs. In fact, the Special Advisor was very supportive of the CA model in Ontario. Key recommendations focused on strengthening Ontario's natural hazard management policy framework, maintaining and providing funding for specific flood management programs, improving Ontario's flood forecasting and warning systems, updating technical guidelines, and investing in data and knowledge transfer.

On March 9, 2020 the Province released Protecting People and Property: Ontario's Flooding Strategy (the Strategy). The Strategy renews the province's commitment to protecting people and outlines the actions the Province will take over the next several years.

The principles, goals, priorities, and objectives stated in the Strategy are listed below:

### Principles:

- Local governments hold the primary responsibility for identifying and managing flood risks;
- Provincial and federal governments must play a key role in supporting local decision-making;
- Local decisions on how to best manage flood risks need to be based on the latest data and science;

- The most cost-effective and sustainable way of reducing risks is to keep people and property out of high-risk areas;
- Where development exists, systems must be in place to support effective early warning and emergency response;
- Recovery efforts are most effective when they incorporate the principle of “build back better” – an approach to post-disaster recovery that reduces vulnerability to future disasters and builds community resilience; and
- We all have a role to play – risks should be managed in strong partnership with municipalities, conservation authorities, the federal government, private landowners and industry, and Indigenous communities.

**Goals:**

1. increase public health and safety;
2. reduce property and environmental damage;
3. reduce economic losses;
4. reduce social disruption;
5. reduce public and private expenditures; and
6. reduce critical infrastructure disruption.

**Priorities:**

1. understand flood risks;
2. strengthen governance of flood risks;
3. enhance flood preparedness;
4. enhance flood response and recovery; and
5. invest in flood risk reduction.

**Objectives:**

- keeping people and property out of high-risk areas and not creating new, or aggravating existing, flood risks;
- reducing the impacts of flooding on existing communities;
- ensuring Ontarians are aware of flood risks and are taking steps to prepare for them;
- ensuring efficient and effective services are in place to respond to flood-related emergencies when they occur;
- ensuring Ontarians impacted by flooding can get back on their feet as soon as possible

While reinforcing the province’s current approach to managing flood risk (mitigation, preparedness, response and recovery), the Strategy highlights the Province’s commitment to working with its partners (including CAs and the Aboriginal community) and that successful implementation requires the support of everyone. Key actions include:

**Enhance Flood Mapping** – establish a multi-agency flood mapping technical team (including representatives from CAs), develop a multi-year approach to updating flood mapping, maintain flood related foundational geospatial data, establish a provincial elevation mapping program, and update provincial standards for flood mapping.

**Increase Public Awareness and Education** – increase access to flood-related information and increase transparency around water management decisions.

**Clarify Roles and Responsibilities** – Clarify roles and responsibilities in identifying natural hazards and clarify urban flooding roles and responsibilities.

**Promote Sound Land Use Planning Decisions** – update the provincial policy statement, update existing technical guidelines, review policy and ideological approaches of existing guidance, maintain wetlands and pervious surfaces, enhance the resiliency of provincial infrastructure and other built form, as well as update existing policy, legislative and regulatory requirements.

**Enhance Flood Forecasting and Early Warning** – maintain flood forecasting and warning, enhance flood forecasting and warning, enhance science and research, enhance use of satellite imagery, and maintain Ontario's road weather information system,

**Enhance Emergency Response** – enhance emergency response activities including actions to address and deal with the impacts of a flood emergency such as providing logistical support, sandbags, social and health services, and supporting community evacuation efforts during flood events.

**Review Disaster Recovery** – review the results of the municipal disaster recovery assistance pilot climate resilience incentive, review the implementation of disaster recovery assistance for Ontarians for spring 2019, and support the development of federal flood insurance and relocation programs.

**Secure Funding for Flood Risk Reduction** – leverage existing funding programs (including Ontario Infrastructure Fund, Water and Erosion Control Infrastructure Program (WEIC), Section 39 Provincial Transfer Payments under the Conservation Authorities Act, Disaster Mitigation and Adaptation Fund, National Disaster Mitigation Program, etc.).

The Strategy emphasizes the need for the Province, municipalities, CAs, and other stakeholders with roles and responsibilities in flood mitigation, preparedness, response and recovery to work together to create a seamless approach to flood management in the Province. The Province has committed to taking a leadership role in this regard. Actions will be phased over time. A timeline for implementation was not included in the report.



CH will actively seek opportunities to participate in and provide advice to the Province on the development and implementation of key actions which affect or influence CH's regulatory and flood management programs and services, particularly floodplain mapping, regulations, technical guidelines, data collection and analyses, flood forecasting and warning, and flood infrastructure. Many of the actions identified in the strategy at the provincial level are already being undertaken at the watershed level by Conservation Authorities. For example, data regarding water level forecasting and post-flood analysis will be available for public use on the CH website.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT #:** CHBD 04 20 06

**REPORT FROM:** Barbara J. Veale, Director, Planning & Watershed Management

**DATE:** April 23, 2020

**SUBJECT:** **2020 Provincial Policy Statement (PPS)**  
**CH File No.: PPO 058**

---

## MEMO

On July 22, 2019, the provincial government released an Environmental Registry of Ontario (ERO) posting entitled '*Provincial Policy Statement (PPS) Review – Proposed Policies*'. Conservation Halton submitted comments regarding the proposed changes on October 7, 2019.

The Province released a revised PPS on February 28, 2020. The revisions will come into effect on May 1, 2020. Key changes to the PPS include:

- adding additional references to support a changing climate and green infrastructure;
- adding policy direction responding to the recommendations of the province's Special Advisor on Flooding (Policy 3.0 Protecting Public Health and Safety);
- increasing the minimum requirement for housing land supply to 15 years;
- clarifying policies related to market-based housing by adding a reference to affordable housing;
- providing flexibility for municipalities to consider residential development on rural lands that is locally appropriate, including lot creation; and
- enhancing land use compatibility policies for sensitive land uses.

In response to the feedback received, some proposed policy changes were not made, including

- "fast-tracking" municipal approvals;
- requiring agricultural impact assessments for non-agricultural uses in prime agricultural areas and for settlement area boundary expansions;
- a voluntary wetland mitigation hierarchy approach for wetlands that are not provincially significant wetlands; and
- allowing the use of rehabilitation plans for aggregate extraction to contribute to the demonstration of no negative impacts in some natural heritage features.

Several policy revisions were incorporated into Section 3.0 – Protecting Public Health and Safety as a result of the Report from the Special Advisor on Flooding, which was released on November 28, 2019, including:

- acknowledging the role of conservation authorities (CAs) in preparing and protecting against the risk of natural hazards (Preamble);
- strengthening the linkage between the Provincial Policy Statement natural hazard policies and the provincial technical guides, which outline direction set by the province for implementing the natural hazard policies (revised Policy 3.1.1);
- adding a reference that planning authorities shall prepare for the “impacts of a changing climate” that may impact risk associated with natural hazards (Policy 3.3);

In addition, two revisions were made to Section 1.6 – Infrastructure and Public Service Facilities, including:

- adding a reference to ensure the natural hazard policies are considered when locating infrastructure and public service facilities (revised Policy 1.6.4);
- enhancing existing stormwater management policies to support commitments in the government’s Made-in-Ontario Environment Plan to protect water and support climate resilience (revised Policy 1.6.6.7).

CH staff will actively seek opportunities to participate in and provide advice for updating the provincial natural hazard technical guidelines.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 07

**REPORT FROM:** Barbara J. Veale, Director, Planning and Watershed Management

**DATE:** April 23, 2020

**SUBJECT:** **Update on the Development of Conservation Halton Technical Submission Guidelines**

---

## MEMO

At the October 24, 2019 meeting of Conservation Halton's (CH) Board of Directors, the Board was provided with an overview of the workplan for updating or developing new technical submission guidelines (Report # CHBD 10 19 03). These guidelines will provide applicants with a clear and transparent understanding the direction and approaches that can be used to satisfy CH's permitting requirements and relevant Board-approved policies. They should lead to better quality submissions, quicker and more consistent reviews, fewer resubmissions, and faster approval times.

Over the past months, staff has incorporated feedback received from focused consultations held with municipal partners, neighbouring conservation authorities, and select BILD-identified consultants held in of the latter half of 2019.

Broader public consultation will be undertaken from early May 2020 to June 2020 for the following draft technical guidelines:

- Landscaping and Rehabilitation Plans (update)
- Stormwater Management Engineering Submissions (new)
- Slope Stability Assessments for Valleys (new)

The draft documents will be posted to CH's website for a commenting period of at least 30 days and direct emails inviting input will be sent to CH's municipal partners and technical consultants. Once this consultation period ends, staff will review the comments received and make any necessary revisions. These guidelines are on-track to be finalized and brought forward to CH's Board of Directors by Fall 2020.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 08

**REPORT FROM:** Jill Ramseyer, Director, Corporate Compliance

**DATE:** April 23, 2020

**SUBJECT:** Health & Safety Update (Q4 2019 – Q1 2020)

---

## MEMO

The summary below provides an overview of Conservation Halton's health and safety performance for Q4 2019 through Q1 2020. This information captures the Glen Eden ski season. The number of incidents are tracked and categorized depending on severity (whether there was lost time and the number of lost days) and frequency (number of incidents and whether they are reportable to WSIB or not). Several other indicators are tracked such as area of injury, root cause, location, job type and more. Analysis of the data allows us to identify trends and areas of concern which help to determine the type of targeted initiatives and prevention programs to be implemented. Some of the main categories tracked are highlighted in the statistics below.

The data is trending positively overall, showing an improvement over the 2018/2019 season with a reduced total number of WSIB incidents, fewer lost time claims and significantly fewer lost days. Prevention programs implemented that are supporting our journey to zero incidents include the role-out of the Safety Observation program to all park staff in the autumn of 2019. This program focuses on safety behaviours, encourages positive safety conversations, recognition of safe acts and corrective coaching for unsafe acts.

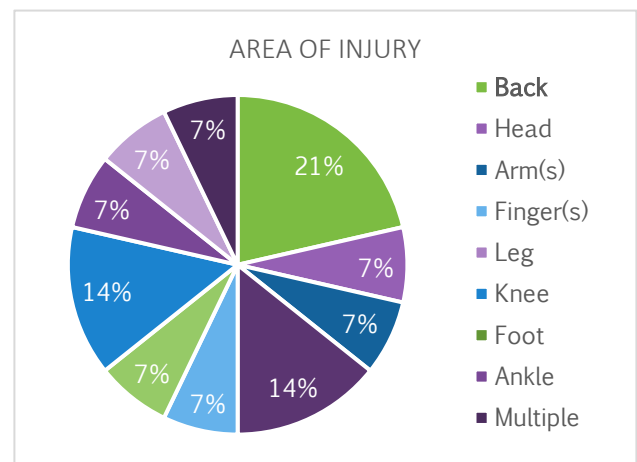
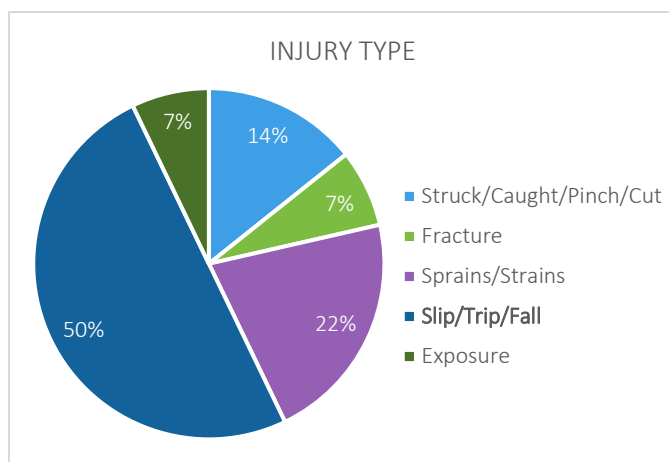
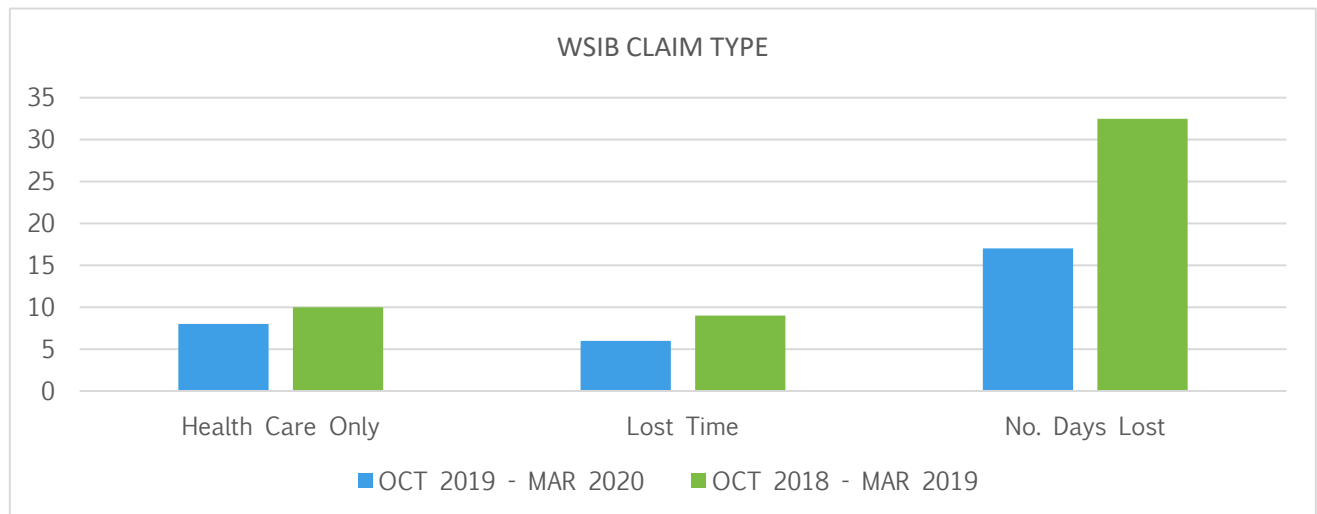
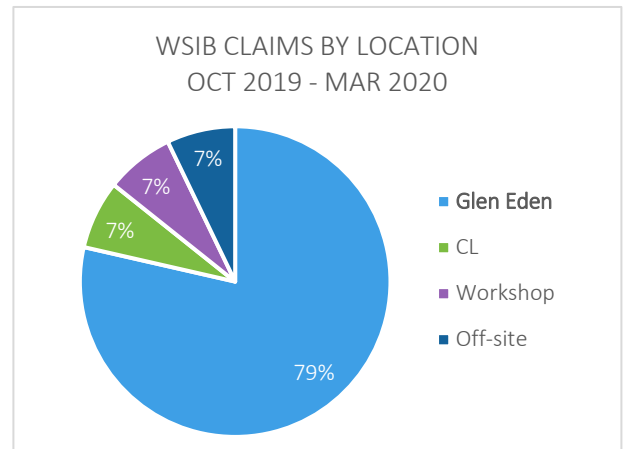
An analysis of employees who are involved in workplace incidents and accidents show that 43% have worked for CH for a period of 1 year or less and 86% have worked for CH for 2 years or less. As a result, orientation and training programs that focus on new and young employees are being updated and will be streamlined for consistency across all parks. Training for managers and supervisors is being refreshed to include more of a focus on safety culture for prevention and roles and responsibilities including their role in return to work in an effort to further reduce the number of lost days.

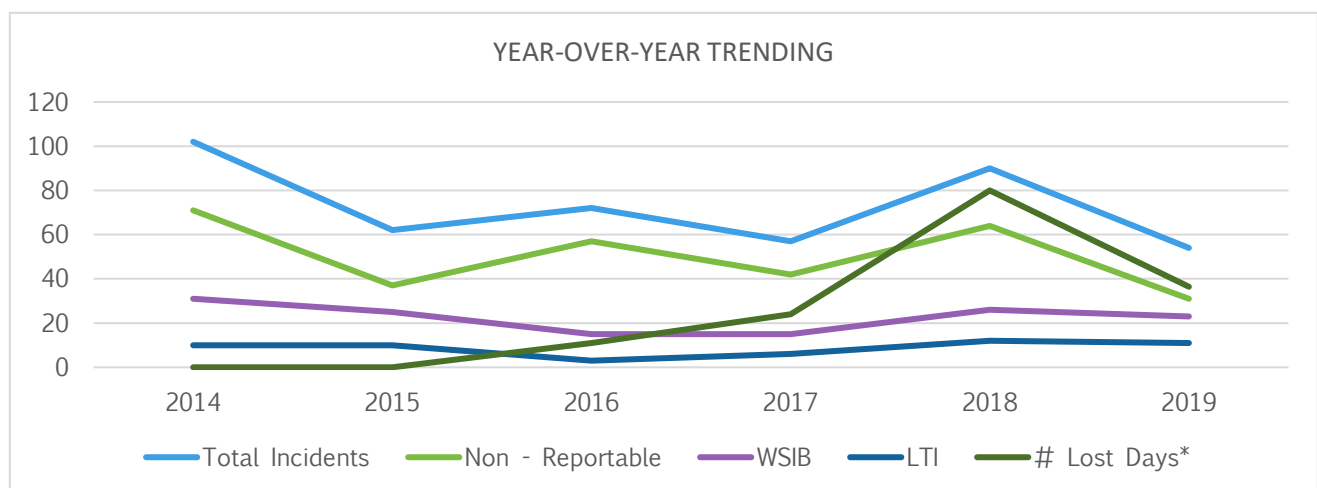
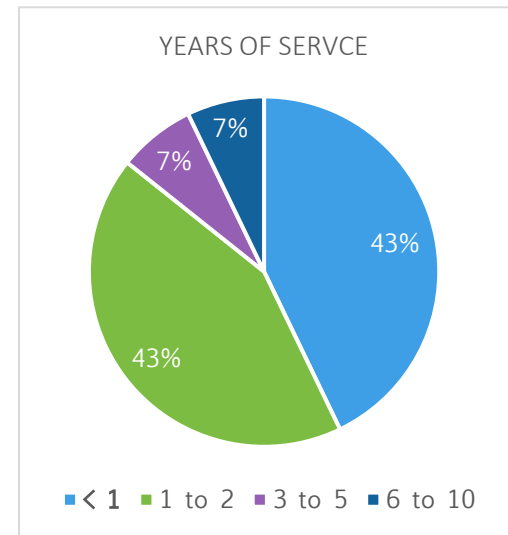
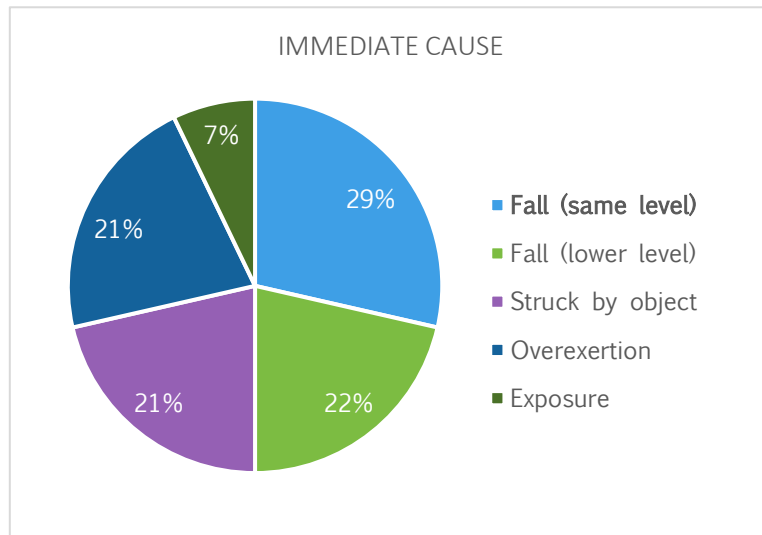
**FOR QUESTIONS ON CONTENT:** Jill Ramseyer, Director, Corporate Compliance  
[jramseyer@hrca.on.ca](mailto:jramseyer@hrca.on.ca), 905.336.1158 x2316



## WSIB INJURY STATISTICS

LOCATION	Oct 2019 – Mar 2020	Oct 2018 – Mar 2019
Admin Office	0	2
Glen Eden	11	6
Kelso	0	4
Mountsberg	0	3
Crawford Lake	1	4
Hilton Falls	0	0
Rat-MN	0	0
Workshop	1	0
Off-site	1	0
<b>Total</b>	<b>14</b>	<b>19</b>





#### AREAS OF FOCUS:

- Improve consistency and content of health and safety orientation throughout the organization as a result of a training needs analysis completed in 2019
- Increase the competency of Park Leads, Supervisors and Managers in the WSIB and return to work process in order to reduce lost time injuries and to improve due diligence
- Participation in the 2020 WSIB Health and Safety Excellence program in order to evolve CH's safety culture and obtain financial rebates

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 09

**FROM:** Jill Ramseyer, Director, Corporate Compliance

**DATE:** April 23, 2020

**SUBJECT:** **Purchasing Report February 1, 2020 to March 31, 2020**

### Recommendation

THAT the Conservation Halton Board of Directors **receives for information the Purchasing Report for the period February 1, 2020 to March 31, 2020 in accordance with the Purchasing Policy.**

### Report

The following report summarizes purchases to be reported during the period February 1, 2020 to March 31, 2020. The Conservation Halton Purchasing Policy requires single or sole source purchases greater than \$25,000 (not including taxes) and Requests for Proposals awarded with a value over \$100,000 (not including taxes) and Tenders awarded with a value of \$100,000 to \$350,000 (not including taxes) to be reported to the Board of Directors for information.

### Single or Sole Source Purchases:

Vendor	Amount (excluding HST)	Details
Hatch Ltd.	\$34,300.00	Change Order to existing Hatch PO to support an additional 5-yr technical Peer Review of the Water Management System fund on behalf of Conservation Halton. Hatch has been the consultant working on this project since 2003. The funder of the Water Management System Fund reimburses Conservation Halton for the expenses incurred related to this agreement.

There were no request for proposals or tenders within the reporting thresholds.

### Impact on Strategic Goals

This report supports the Metamorphosis strategic theme of Striving for service excellence and efficiency. This theme is supported by the objective to provide clear financial data to support informed strategic and operational decision-making.

**Financial Impact**

There is no financial impact to this report.

Signed & respectfully submitted:



Jill Ramseyer  
Director, Corporate Compliance

Approved for circulation:



Hassaan Basit  
CAO/Secretary-Treasurer

**FOR QUESTIONS ON CONTENT:**

Pavan Seth, Procurement Specialist,  
[pseth@hrca.on.ca](mailto:pseth@hrca.on.ca), 905.336.1158 x2249

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 10

**FROM:** Marnie Piggot, Director, Finance

**DATE:** April 23, 2020

**SUBJECT:** **2019 Audited Financial Statements**

### Recommendation

THAT the Conservation Halton Board of Directors **approve the attached audited financial statements for the year ended December 31, 2019.**

### Executive Summary

The attached draft 2019 financial statements have been prepared by Conservation Halton staff. The annual audit of Conservation Halton's financial transactions for the year ended December 31, 2019 has been completed by KPMG LLP.

The KPMG Auditors' Report which is included in the financial statements is a standard audit report without qualifications and it is their opinion that the statements are presented fairly and in accordance with public sector accounting standards. KPMG has also provided the attached 2019 Audit Findings Report and KPMG staff will be available at the meeting to present their report.

### Report

The Statement of Financial Position for Conservation Halton reports Accumulated Surplus at December 31, 2019 of \$75 million. This is an overall increase of 5.7% over the 2018 Accumulated Surplus of almost \$71 million.

<b>Statement of Financial Position Summary</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Financial assets	\$ 29,423,296	\$ 28,741,928
Non-financial assets	72,517,223	66,539,901
Total Assets	\$ 101,940,519	\$ 95,281,829
Less: Financial liabilities	\$ (26,918,908)	\$ (24,312,032)
<b>Accumulated surplus</b>	<b>\$ 75,021,611</b>	<b>\$ 70,969,798</b>

The 2019 Annual Surplus of \$4,051,813 reported on the Statement of Operations increased the accumulated surplus for Conservation Halton. A summary of the Statement of Operations is as follows:

<b>Statement of Operations Summary</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Total Revenue	\$ 30,131,991	\$ 34,072,438	\$ 30,906,660
Total Expenses	29,677,800	30,020,625	29,483,403
<b>Annual Surplus</b>	<b>\$ 454,191</b>	<b>\$ 4,051,813</b>	<b>\$ 1,423,256</b>

The 2019 Annual Surplus is unusually high compared to prior years as a result of Kelso Dam rehabilitation capital costs of approximately \$6.7 million incurred in 2019. See Financial statement Note 15 for further details. The revenue and expenses by program in note 15 shows that the excess revenue over expenses for Major Projects is \$3,748,628 accounting for most of the 2019 surplus.

The Major Projects excess revenue is a result of capital funding received for the Kelso Dam rehabilitation reported on the Statement of Operations as revenue and the Kelso Dam capital project costs primarily recorded as tangible capital assets on the Statement of Financial Position. Capital costs that extend the life of an asset are added to tangible capital assets and amortized over the estimated useful life of the asset. For budget preparation and variance reporting Kelso Dam capital costs are reported with matching project funding received and do not impact the operating surplus.

The audited financial statements were prepared using the amounts provided in the Budget Variance Report financial appendix for the year ended December 31, 2019. The amounts reported in the Budget Variance Report were prepared on a basis consistent with the approved 2019 budget. The Conservation Halton budget report is prepared on a basis consistent with public sector budgeting practices that ensures adequate funding is available for planned expenditures.

The Budget Variance Report operating surplus of \$1,438,374 has been adjusted to be in accordance with Public Sector Accounting Board (PSAB) standards as follows:



	2019 Actual	2018 Actual
<b>Total Operating Surplus - Budget Variance Report</b>	<b>\$ 1,438,374</b>	<b>\$ 1,686,421</b>
<b>Public Sector Accounting Board (PSAB) Adjustments:</b>		
Add: Acquisition of tangible capital assets	8,059,728	2,400,114
Less: Amortization of tangible capital assets expense	(2,035,742)	(1,785,054)
Less: Proceeds on disposal of tangible capital assets	(42,592)	(5,828)
Less: Loss on disposal of tangible capital assets	(230,220)	(28,583)
Less: Transfers to and from reserves	(179,404)	(983,145)
Less: Municipal Debt Financing	(3,372,598)	(268,658)
Add: Debt financing charges - Principal portion	414,267	407,992
<b>Total PSAB adjustments</b>	<b>2,613,439</b>	<b>(263,163)</b>
<b>Annual surplus per audited financial statements</b>	<b>\$ 4,051,813</b>	<b>\$ 1,423,258</b>

The 2019 budget amounts shown on the Statement of Operations have also been modified to be consistent with PSAB standards. The adjustments to the 2019 budget are outlined in financial statement note 10 and include the addition of estimated amortization of tangible capital assets, and removal of planned tangible capital asset acquisitions, municipal debt financing and the principal portion of debt financing charges.

The Accumulated Surplus of \$75,021,611 is made up largely by Tangible Capital Assets and is detailed in note 9 of the audited financial statements as follows:

Surplus – Tangible Capital Assets	\$71,820,749
Deficit – Current Funds	(5,850,427)
Reserves	<u>9,051,289</u>
<b>Total Accumulated Surplus, December 31, 2019</b>	<b><u>\$75,021,611</u></b>

The reserve transfers to be approved in the 2019 Budget Variance Report have been reflected in the draft audited financial statements.

The Deficit – Current Funds is attributed for the most part to long-term debt financing of \$4,413,948 at December 31, 2019 and \$1,257,505 in Halton Region municipal debt financing received in 2020 for Kelso Dam capital project costs incurred in 2019.

Details of significant budget variances reported on the Statement of Operations are provided in the 2019 Budget Variance Report financial appendix.

### Impact on Strategic Goals

This report supports the Metamorphosis strategic theme of Striving for service excellence and efficiency. This theme is supported by the objective to provide clear financial data and analysis to support informed strategic and operational decision-making for budget development and long-term planning.

**Financial Impact**

The report provides details on the annual financial results for the year ended December 31, 2019 for Conservation Halton. The audited financial statements to be approved will be provided to various funding partners and stakeholders of Conservation Halton to meet funding agreements and are a source of information on the programs carried out by Conservation Halton.

Signed & respectfully submitted:



Marnie Piggot  
Director, Finance

Approved for circulation:



Hassaan Basit  
CAO/Secretary-Treasurer



Lawrence Wagner  
Senior Director, Corporate Services

**FOR QUESTIONS ON CONTENT:**

Marnie Piggot; Director Finance  
905-336-1158, ext. 2240; [mpiggot@hrca.on.ca](mailto:mpiggot@hrca.on.ca);

Financial Statements of

**CONSERVATION HALTON**

Year ended December 31, 2019

# CONSERVATION HALTON

## Financial Statements

Year ended December 31, 2019

---

### Independent Auditors' Report

Statement of Financial Position .....	1
Statement of Operations and Change in Accumulated Surplus.....	2
Statement of Changes in Net Financial Assets .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5-17



KPMG LLP  
115 King Street South  
2nd Floor  
Waterloo ON N2J 5A3  
Canada  
Tel 519-747-8800  
Fax 519-747-8830

## INDEPENDENT AUDITORS' REPORT

To the Directors of Conservation Halton

### ***Opinion***

We have audited the financial statements of Conservation Halton (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and change in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
April 23, 2020

# CONSERVATION HALTON

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets:</b>		
Cash	\$ 1,073,262	\$ 1,039,118
Investments (note 2)	12,443,202	14,021,969
Investment - Water Management System (note 3)	11,531,387	11,092,270
Accounts receivable (note 4)	4,375,445	2,588,572
	<u>29,423,296</u>	<u>28,741,929</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued charges	3,541,331	3,601,899
Deferred revenue (note 5)	6,481,712	6,020,228
Deferred revenue - capital and major projects (note 6)	950,530	1,153,174
Deferred revenue - Water Management System (note 3)	11,531,387	11,092,270
Long-term liabilities (note 7)	4,413,948	2,444,461
	<u>26,918,908</u>	<u>24,312,032</u>
<b>Net financial assets</b>	<b>2,504,388</b>	<b>4,429,897</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 8)	71,820,749	66,069,575
Prepaid expenses	592,598	287,045
Inventory	103,876	183,281
	<u>72,517,223</u>	<u>66,539,901</u>
Contingencies (note 11)		
Commitments (note 12)		
Subsequent event (note 15)		
<b>Accumulated surplus (note 9)</b>	<b>\$ 75,021,611</b>	<b>\$ 70,969,798</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Vice-Chair

# CONSERVATION HALTON

## Statement of Operations and Change in Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (Note 10)	2019 Actual	2018 Actual
Revenue (note 15):			
Municipal grants	\$ 9,330,985	\$ 9,330,984	\$ 8,891,511
Ministry of Natural Resources and Forestry	300,311	155,034	300,311
Corporate services	113,905	204,337	162,701
Engineering flood forecasting and operations	7,000	—	10,177
Planning and watershed management	3,273,531	2,690,994	2,736,077
Science and partnerships	779,116	717,578	783,793
Project management office	433,542	101,337	95,656
Watershed management and support service operations	239,000	212,517	227,179
Conservation areas	12,512,050	14,281,573	14,017,789
Partnership projects	618,225	727,267	791,450
Major projects	2,524,326	5,650,817	2,890,016
Total revenue	30,131,991	34,072,438	30,906,660
Expenses (note 15):			
Corporate services	4,403,434	4,037,200	4,177,830
Corporate compliance	686,652	599,212	437,062
Engineering, flood forecasting and operations	1,460,366	1,349,868	1,246,474
Planning and watershed management	4,344,085	3,795,936	3,853,653
Science and partnerships	2,032,164	1,896,760	1,785,794
Project management office	1,305,099	838,586	777,547
Watershed management and support service operations	1,120,274	932,293	1,117,667
Conservation areas	12,327,850	13,796,528	13,126,176
Partnership projects	618,225	727,267	791,450
Major projects	1,154,000	1,902,189	2,085,982
Debt financing charges	225,651	144,786	83,767
Total expenses	29,677,800	30,020,625	29,483,402
Annual surplus (note 9)	454,191	4,051,813	1,423,258
Accumulated surplus, beginning of year		70,969,798	69,546,540
Accumulated surplus, end of year		\$ 75,021,611	\$ 70,969,798

See accompanying notes to financial statements.

# CONSERVATION HALTON

## Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (Note 10)	2019 Actual	2018 Actual
Annual surplus	\$ 454,191	\$ 4,051,813	\$ 1,423,258
Acquisition of tangible capital assets	(1,772,135)	(8,059,728)	(2,400,114)
Amortization of tangible capital assets	2,035,000	2,035,742	1,785,054
Proceeds on disposal of tangible capital assets	–	42,592	5,828
Loss on disposal of tangible capital assets	–	230,220	28,583
	717,056	(1,699,361)	842,609
Change in prepaid expenses		(305,553)	(18,053)
Change in inventories		79,405	(78,495)
Net change in net financial assets		(1,925,509)	746,061
Net financial assets, beginning of year		4,429,897	3,683,836
Net financial assets, end of year		\$ 2,504,388	\$ 4,429,897

See accompanying notes to financial statements.

# CONSERVATION HALTON

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,051,813	\$ 1,423,258
Items not involving cash:		
Amortization	2,035,742	1,785,054
Loss on disposal of tangible capital assets	230,220	28,583
	6,317,775	3,236,895
Change in non-cash working capital balances:		
Accounts receivable	(1,786,873)	(1,016,734)
Prepaid expenses	(305,553)	(18,053)
Inventory	79,405	(78,495)
Accounts payable and accrued charges	(60,568)	1,111,665
Deferred revenue	461,484	395,463
Deferred revenue - capital and major projects	(202,644)	178,474
	4,503,026	3,809,215
Capital transactions:		
Acquisition of tangible capital assets	(8,059,728)	(2,400,114)
Proceeds on disposal of tangible capital assets	42,592	5,828
	(8,017,136)	(2,394,286)
Investing activities:		
Net (purchase) sale of investments	1,578,767	(2,086,986)
Investment - Water Management System	(439,117)	(407,728)
	1,139,650	(2,494,714)
Financing transactions:		
Deferred revenue - Water Management System	439,117	407,728
Proceeds from long-term debt	2,360,386	686,664
Repayment of long-term debt	(390,899)	(407,993)
	2,408,604	686,399
Net change in cash	34,144	(393,386)
Cash, beginning of year	1,039,118	1,432,504
Cash, end of year	\$ 1,073,262	\$ 1,039,118

See accompanying notes to financial statements.

# CONSERVATION HALTON

## Notes to Financial Statements

Year ended December 31, 2019

---

### **Purpose of Organization:**

Conservation Halton is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, exclusive of gas, oil, coal and minerals for the watersheds within its area of jurisdiction. The watersheds include areas in the Regions of Halton and Peel, the Township of Puslinch and the City of Hamilton.

Conservation Halton's mission is to protect and enhance the natural environment from lake to escarpment for present and future generations.

### **1. Significant accounting policies:**

#### **(a) Basis of accounting:**

The financial statements of Conservation Halton are prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measureable; expenses are recognized as they are incurred and measureable as a result of receipt of goods or services and the creation of a legal obligation to pay.

These financial statements do not include the activities of the Conservation Halton Foundation, a related incorporated registered charity with a mission to raise funds and profile for Conservation Halton projects and programs.

#### **(b) Investments:**

Investments are recorded at the lower of cost and market value based on quoted market prices. Losses are recorded when the decline in market value is other than temporary.

#### **(c) Tangible capital assets:**

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Assets under construction are not amortized and are transferred into their relative asset category when available for productive use. Amortization is recorded on either a straight-line basis over the estimated life of the assets or by using the declining-balance method.



# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (c) Tangible capital assets (continued):

The following rates are used:

Asset	Basis	Useful Life - Years
Land improvements	Straight-line	30 to 50 years
Buildings and building improvements	Straight-line	25 to 50 years
Machinery and equipment	Straight-line	5 to 40 years
Furniture and fixtures	Straight-line	5 to 20 years
Infrastructure	Straight-line	20 to 75 years
Vehicles	Declining balance	30%
Computer hardware and software	Straight-line	4 to 10 years

### (d) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined using specific identification of the cost of the individual items.

### (e) Deferred revenue - Capital and Major Projects:

Conservation Halton receives certain amounts for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. Funds received for the purchase of tangible capital assets are recognized when the related asset is purchased.

### (f) Deferred revenue - Water Management System:

Conservation Halton has received funds for expenses to be incurred for the future operation of a water management system and management of certain lands. These funds are externally restricted and cannot be drawn until Conservation Halton commences management of the lands. These amounts will be recognized as revenues when the relating expenses are incurred or management services performed.

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (g) Revenue recognition:

Municipal levies, government transfers and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated.

User charges and fees are recognized as revenue in the period in which the related services are performed.

### (h) Use of estimates:

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include accrued liabilities, contaminated site liability, contingencies and tangible capital assets. Actual results could differ from estimates.

## 2. Short-term investments:

	2019	2018
Business investment	\$ 490,219	\$ 796,729
Notice plan investment	2,007,687	—
High interest savings	3,238,345	4,116,896
Guaranteed investment certificates	2,000,000	4,500,000
Pooled fund – Provincial and Corporate bonds	4,206,953	4,108,346
Pooled fund – Equity	499,998	499,998
Total	\$ 12,443,202	\$ 14,021,969

The guaranteed investment certificates have effective rates that range between 2.34% and 2.85% (2018 - 2.10% to 2.23%). Interest is receivable on the date of maturity. Maturity dates range from July 18, 2020 to March 14, 2021. The business investment and pooled funds (which include money market, bond and equity funds) earn interest at variable rates which is paid monthly.

The notice plan investment has accrued interest rate of 2.5% that is tied to bank reference rates that are subject to change and withdrawals require 31 days' notice.

Market value of investments are \$13,127,041 (2018 - \$14,462,153).

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

### 3. Investment/Deferred revenue - Water Management System:

Conservation Halton entered into an agreement for the transfer of a Water Management System and its long-term operation with an estimated time line of 2063. The agreement is based on the principle that the net costs associated with ongoing operation, maintenance and performance of the Water Management System will not be a financial liability to Conservation Halton.

To ensure that Conservation Halton should not have a net financial liability for the management of the water system, Conservation Halton has received amounts from 2008 to 2017, as part of the agreement. The amounts received are to be invested in accordance with Municipal Act Regulations and will be managed by an Investment Committee as required by the agreement. At the time of transfer, Conservation Halton will be able to draw on the funds, only to facilitate the management of the water system.

The funds are invested as follows:

	2019	2018
Cash	\$ 96	\$ 209
Provincial and provincially regulated agency bonds	10,340,648	9,945,933
Guaranteed investment certificates	1,190,643	1,146,128
<b>Total</b>	<b>\$ 11,531,387</b>	<b>\$ 11,092,270</b>

The Provincial and provincially regulated agency bonds have effective yields of 2.27% to 5.00% (2018 – 2.27% to 5.00%). Interest is receivable on the date of maturity. Maturity dates range from January 13, 2020 to December 1, 2037.

The guaranteed investment certificates have been an effective interest rate of 2.51% (2018 – 2.15%). Interest is receivable on the date of maturity. Maturity date is January 13, 2020.

Market value of investments are \$12,522,755 (2018 - \$11,732,413).

### 4. Accounts receivable:

Included in accounts receivable is \$112,476 (2018 - \$58,723) due from Conservation Halton Foundation.

During 2019, the Foundation contributed \$349,322 (2018 - \$441,116) to fund projects carried out by the Conservation Halton.

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 5. Deferred revenue:

	Balance at December 31, 2019	Additions	Revenue recognized	Balance at December 31, 2018
Watershed Management	\$ 1,958,851	\$ 143,437	\$ 145,849	\$ 1,961,263
Partnership Projects	698,578	379,998	434,309	752,889
Source Water Protection	89,285	329,572	257,111	16,824
Conservation Areas	3,734,998	8,807,507	8,361,761	3,289,252
	<u>\$ 6,481,712</u>	<u>\$ 9,660,514</u>	<u>\$ 9,199,030</u>	<u>\$ 6,020,228</u>

Additions to deferred revenue includes contributions from external parties and payments for annual passes and lesson programs received during the year pertaining to the following year.

## 6. Deferred revenue - capital and major projects:

	Balance at December 31, 2019	Contributions received	Revenue recognized	Balance at December 31, 2018
Capital - Ministry of Natural Resources	\$ 338,442	\$ 1,635,594	\$ 1,889,448	\$ 592,296
Capital - Municipal	589,578	647,013	618,313	560,878
Capital – Other Municipal funding	22,510	145,307	122,797	–
	<u>\$ 950,530</u>	<u>\$ 2,427,914</u>	<u>\$ 2,630,558</u>	<u>\$ 1,153,174</u>

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 7. Long-term liabilities:

	2019	2018
5 year term loan at 3.5%, interest only payable during the first 36 months with a registered collateral mortgage covering 54.36 acres of land, due December 2020	\$ 409,636	\$ 433,000
Municipal debt financing and interest payments due annually at variable current interest rates of 3.0% to 3.2% (2018 - 3.0% to 3.2%), annual principal repayments, due December 2049	4,004,312	2,011,461
	<u>\$ 4,413,948</u>	<u>\$ 2,444,461</u>

Principal repayments over the next five fiscal years and thereafter are as follows:

2020	\$ 753,703
2021	311,915
2022	303,863
2023	272,564
2024	254,502
Thereafter	2,517,401
	<u>\$ 4,413,948</u>

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 8. Tangible capital assets (continued):

Cost	Balance at December 31, 2018	Additions	Disposals	Transfers	Balance at December 31, 2019
Land	\$ 35,932,065	–	(172,524)	–	\$ 35,759,541
Land Improvements	564,806	–	–	–	564,806
Buildings and building improvements	15,498,531	423,699	(5,334)	–	15,916,896
Machinery and equipment	8,245,453	260,722	(225,520)	–	8,280,655
Furniture and fixtures	476,330	27,884	–	–	504,214
Infrastructure	26,105,097	6,861,074	–	1,200,925	34,167,096
Vehicles	2,468,589	319,743	(195,806)	–	2,592,526
Computer hardware and software	1,438,085	111,823	(114,614)	–	1,435,294
Assets under construction	1,245,411	54,783	–	(1,200,925)	99,269
	\$ 91,974,367	8,059,728	(713,798)	–	\$ 99,320,297

Accumulated Amortization	Balance at December 31, 2018	Amortization	Disposals	Transfers	Balance at December 31, 2019
Land	\$ –	–	–	–	\$ –
Land Improvements	319,528	11,467	(2,056)	–	328,939
Buildings and building improvements	5,182,042	598,516	(164,837)	–	5,615,721
Machinery and equipment	4,333,196	374,686	–	–	4,707,882
Furniture and fixtures	218,351	21,837	–	–	240,188
Infrastructure	13,072,202	664,621	–	–	13,736,823
Vehicles	1,865,755	194,947	(169,113)	–	1,891,589
Computer hardware and software	913,718	169,668	(104,980)	–	978,406
Assets under construction	–	–	–	–	–
	\$ 25,904,792	2,035,742	(440,986)	–	\$ 27,499,548

	Net book value, Balance at December 31, 2018	Net book value Balance at December 31, 2019
Land	\$ 35,932,065	\$ 35,759,541
Land Improvements	245,278	235,867
Buildings and building improvements	10,316,489	10,301,175
Machinery and equipment	3,912,257	3,572,773
Furniture and fixtures	257,979	264,026
Infrastructure	13,032,895	20,430,273
Vehicles	602,834	700,937
Computer hardware and software	524,367	456,888
Assets under construction	1,245,411	99,269
	\$ 66,069,575	\$ 71,820,749

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 8. Tangible capital assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals	Transfers	Balance at December 31, 2018
Land	\$ 35,523,205	408,860	—	—	\$ 35,932,065
Land Improvements	564,806	—	—	—	564,806
Buildings and building improvements	14,633,455	535,880	(11,501)	340,697	15,498,531
Machinery and equipment	8,053,376	356,405	(164,328)	—	8,245,453
Furniture and fixtures	450,560	25,771	—	—	476,331
Infrastructure	25,849,613	277,762	(22,279)	—	26,105,096
Vehicles	2,407,209	96,381	(35,001)	—	2,468,589
Computer hardware and software	1,345,273	209,537	(116,725)	—	1,438,085
Assets under construction	1,096,590	489,518	—	(340,697)	1,245,411
	\$ 89,924,087	2,400,114	(349,834)	—	\$ 91,974,367

Accumulated Amortization	Balance at December 31, 2017	Amortization	Disposals	Transfers	Balance at December 31, 2018
Land	\$ —	—	—	—	\$ —
Land Improvements	308,061	11,467	—	—	319,528
Buildings and building improvements	4,783,270	401,532	(2,760)	—	5,182,042
Machinery and equipment	4,111,869	378,602	(157,275)	—	4,333,196
Furniture and fixtures	196,766	21,586	—	—	218,352
Infrastructure	12,483,440	605,840	(17,079)	—	13,072,201
Vehicles	1,697,099	200,157	(31,501)	—	1,865,755
Computer hardware and software	854,656	165,870	(106,808)	—	913,718
Assets under construction	—	—	—	—	—
	\$ 24,435,161	1,785,054	(315,423)	—	\$ 25,904,792

	Net book value, Balance at December 31, 2017	Net book value Balance at December 31, 2018
Land	\$ 35,523,205	\$ 35,932,065
Land Improvements	256,745	245,278
Buildings and building improvements	9,850,185	10,316,489
Machinery and equipment	3,941,507	3,912,257
Furniture and fixtures	253,794	257,979
Infrastructure	13,366,173	13,032,895
Vehicles	710,110	602,834
Computer hardware and software	490,617	524,367
Assets under construction	1,096,590	1,245,411
	\$ 65,488,926	\$ 66,069,575

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 9. Accumulated surplus:

Accumulated surplus consists of operating surplus and reserves as follows:

	Balance at December 31, 2019	Excess of Revenue over expenses	Transfers (to) from reserves	Balance at December 31, 2018
Surplus - investment in tangible capital assets	\$ 71,820,749	\$ (2,308,552)	\$ 8,059,728	\$ 66,069,573
Surplus (deficit) - current funds	(5,850,427)	6,360,365	(9,318,702)	(2,892,090)
Total surplus	65,970,322	4,051,813	(1,258,974)	63,177,483
Reserves				
Conservation areas capital	2,715,883	—	311,990	2,403,893
Conservation areas stabilization	1,000,568	—	64,000	936,568
Vehicle and equipment	914,422	—	(126,706)	1,041,128
Building	480,128	—	37,820	442,308
Building – state of good repair	264,293	—	264,293	—
Watershed management capital				
- municipal funds	601,333	—	212,105	389,228
Watershed management capital				
- self generated funds	390,909	—	34,600	356,309
Watershed management stabilization	793,193	—	62,780	730,413
Digital transformation	250,000	—	250,000	—
Debt financing charges	472,670	—	137,589	335,081
Legal - planning and watershed management	258,891	—	2	258,889
Legal - corporate	200,000	—	—	200,000
Water Festival	188,911	—	—	188,911
Property management	95,040	—	—	95,040
Land securement	34,537	—	25,501	9,036
Stewardship and restoration	390,511	—	(15,000)	405,511
Total reserves	9,051,289	—	1,258,974	7,792,315
Accumulated surplus	\$ 75,021,611	\$ 4,051,813	\$ —	\$ 70,969,798



# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 10. Budget amounts:

The 2019 budget amounts approved by Conservation Halton on November 22, 2018 were not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expenses. As a result, the budget figure presented in the statements of operations and changes in net financial assets represent the budget adopted by Conservation Halton on November 22, 2018, with adjustments as follows:

	2019 Actual	2018 Actual
Budget surplus (deficit) for the year	\$ 246,068	\$ (949,651)
Less: Amortization of tangible capital assets	(2,035,000)	(1,785,000)
Add: Acquisition of tangible capital assets	1,772,135	3,034,321
Add: Debt financing charges - principal portion	470,988	441,631
Budget surplus per Statement of Operations	\$ 454,191	\$ 741,301

## 11. Contingencies:

Conservation Halton has been named as defendant or co-defendant in several lawsuits that have claims outstanding. Conservation Halton anticipates any individual settlement amount will not exceed the limits of insurance coverage provided to Conservation Halton on the majority of the claims. For claims in which the claim amount exceeds the limit of insurance coverage provided to Conservation Halton the outcome is not determinable.

Conservation Halton has entered into an agreement to ensure implementation of a monitoring and mitigation plan for the future rehabilitation of lands adjacent to a Provincially Significant Wetland. The agreement requires a Trust account to be established by the funder to ensure there are funds available for the rehabilitation plan implementation. Conservation Halton is a member of the Investment Committee that will oversee management of the Trust account with a balance of \$1,346,118 at December 31, 2019. A deposit to the Trust account by the funder is required to be made by March 31, 2020 for \$583,633 which was completed. Conservation Halton will release their interest in the Trust account when the implementation plan is completed.

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 12. Commitments:

Conservation Halton has entered into contracts related to projects at Glen Eden, various dam studies and repairs, and leases for office equipment and vehicles. Commitments outstanding on these contracts to be paid beyond December 31, 2019 are as follows:

2020	\$ 1,251,377
2021	78,403
2022	12,335
2023	6,866
	<hr/>
	\$ 1,348,981

## 13. Pension agreements:

Conservation Halton belongs to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. This plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The cost of the plan is the employer's contribution to the plan.

The 2019 employer portion of OMERS pension contributions was \$1,135,862 (2018 - \$1,113,805).

Conservation Halton belongs to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. This plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, Conservation Halton does not recognize any share of the OMERS pension surplus or deficit.

The latest available report for the OMERS plan was December 31, 2019. At that time the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion actuarial deficit), based on actuarial liabilities of \$106.4 billion (2018 - \$99.1 billion) and actuarial assets of \$103.0 billion (2018 - \$94.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

---

## 14. Comparative information:

Certain comparative information on the statement of operations under revenue and expenses have been reclassified to conform to the financial statements presentation adopted in the current year.

## 15. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Experienced temporary declines in the fair value of investments and investment income
- Closure of all non-essential facilities from March 24, 2020 to the date of the auditors' report based on public health recommendations
- Mandatory working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

# CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 15. Revenue and expenses by program:

2019	Corporate Services	Corporate Compliance	Engineering, Flood Forecasting & Operations	Planning & Watershed Management	Science & Partnerships	Project Management Office	Watershed Management & Support Service Operations	Conservation Areas	Partnership Projects	Major Projects	Debt Financing Charges	Reserve Funding	Total
<b>Revenue:</b>													
Municipal funding	\$ 3,421,328	\$ 445,952	\$ 466,652	\$ 1,065,554	\$ 1,103,428	\$ 697,557	\$ 729,674	\$ 240,000	\$ -	\$ -	\$ 696,639	\$ 464,200	\$ 9,330,984
Provincial transfer payments	-	-	155,034	-	-	-	-	-	-	-	-	-	155,034
Program fees and other	204,337	-	-	2,690,994	717,578	101,337	212,517	14,281,573	727,267	5,650,817	-	-	24,586,420
	3,625,665	445,952	621,686	3,756,548	1,821,006	798,894	942,191	14,521,573	727,267	5,650,817	696,639	464,200	34,072,438
<b>Expenses:</b>													
Salaries, wages and benefits	2,901,895	467,588	734,585	3,508,150	1,553,024	510,472	675,251	7,706,662	207,044	-	-	-	18,264,671
Members per diems and expenses	21,047	-	-	-	-	-	-	-	-	-	-	-	21,047
Materials and supplies	122,421	4,806	14,588	16,904	186,648	85,853	78,535	1,793,579	52,243	739,953	-	-	3,095,530
Property taxes	-	49,421	-	-	-	-	-	5,671	-	-	-	-	55,092
Purchased services	563,132	18,959	161,262	31,118	157,088	180,133	46,639	2,671,381	467,980	1,162,236	-	-	5,459,928
Legal	7,843	58,438	-	229,500	-	-	-	64,026	-	-	-	-	359,807
Finance and rent	64,756	-	(24,229)	3,128	-	(10,987)	10,814	310,320	-	-	-	-	353,802
Debt financing charges	-	-	-	-	-	-	-	-	-	-	144,786	-	144,786
Amortization of tangible capital assets	256,214	-	463,662	5,775	-	73,115	64,175	1,172,801	-	-	-	-	2,035,742
Loss on disposal of tangible capital assets	99,892	-	-	1,361	-	-	56,879	72,088	-	-	-	-	230,220
	4,037,200	599,212	1,349,868	3,795,936	1,896,760	838,586	932,293	13,796,528	727,267	1,902,189	144,786	-	30,020,625
Excess (deficiency) of revenues over expenses, for the year	\$ (411,535)	\$ (153,260)	\$ (728,182)	\$ (39,388)	\$ (75,754)	\$ (39,692)	\$ 9,898	\$ 725,045	\$ -	\$ 3,748,628	\$ 551,853	\$ 464,200	\$ 4,051,813

# CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 15. Revenue and expenses by program:

2018	Corporate Services	Corporate Compliance	Engineering, Flood Forecasting & Operations	Planning & Watershed Management	Science & Partnerships	Project Management Office	Watershed Management & Support Service Operations	Conservation Areas	Partnership Projects	Major Projects	Debt Financing Charges	Reserve Funding	Total
<b>Revenue:</b>													
Municipal funding	\$ 3,600,550	\$ —	\$ 497,677	\$ 1,056,004	\$ 978,956	\$ 810,989	\$ 783,395	\$ 192,354	\$ —	\$ —	\$ 610,586	\$ 361,000	\$ 8,891,511
Provincial transfer payments	—	—	300,311	—	—	—	—	—	—	—	—	—	300,311
Program fees and other	162,701	—	10,176	2,736,077	783,793	95,656	227,179	14,017,789	791,450	2,890,017	—	—	21,714,838
	3,763,251	—	808,164	3,792,081	1,762,749	906,645	1,010,574	14,210,143	791,450	2,890,017	610,586	361,000	30,906,660
<b>Expenses:</b>													
Salaries, wages and benefits	2,864,773	330,326	665,954	3,422,884	1,391,785	518,419	743,787	7,558,241	158,389	25,000	—	—	17,679,558
Members per diems and expenses	24,548	—	—	—	—	—	—	—	—	—	—	—	24,548
Materials and supplies	339,404	2,516	26,135	27,605	218,406	73,379	121,949	1,505,593	67,302	1,864,456	—	—	4,246,745
Property taxes	—	40,743	—	—	—	—	—	5,756	—	—	—	—	46,499
Purchased services	602,906	54,196	152,914	40,397	175,603	161,396	188,741	2,647,096	565,759	196,526	—	—	4,785,534
Legal	14,229	9,281	—	354,957	—	—	—	53,586	—	—	—	—	432,053
Finance and rent	62,549	—	—	2,118	—	—	12,342	294,052	—	—	—	—	371,061
Debt financing charges	—	—	—	—	—	—	—	—	—	—	83,767	—	83,767
Amortization of tangible capital assets	255,038	—	401,471	5,692	—	24,353	52,719	1,045,781	—	—	—	—	1,785,054
Loss (gain) on disposal of tangible capital assets	14,383	—	—	—	—	—	(1,871)	16,071	—	—	—	—	28,583
	4,177,830	437,062	1,246,474	3,853,653	1,785,794	777,547	1,117,667	13,126,176	791,450	2,085,982	83,767	—	29,483,402
Excess (deficiency) of revenues over expenses, for the year	\$ (414,579)	\$ (437,062)	\$ (438,310)	\$ (61,572)	\$ (23,045)	\$ 129,098	\$ (107,093)	\$ 1,083,967	\$ —	\$ 804,035	\$ 526,819	\$ 361,000	\$ 1,423,258

# Conservation Halton

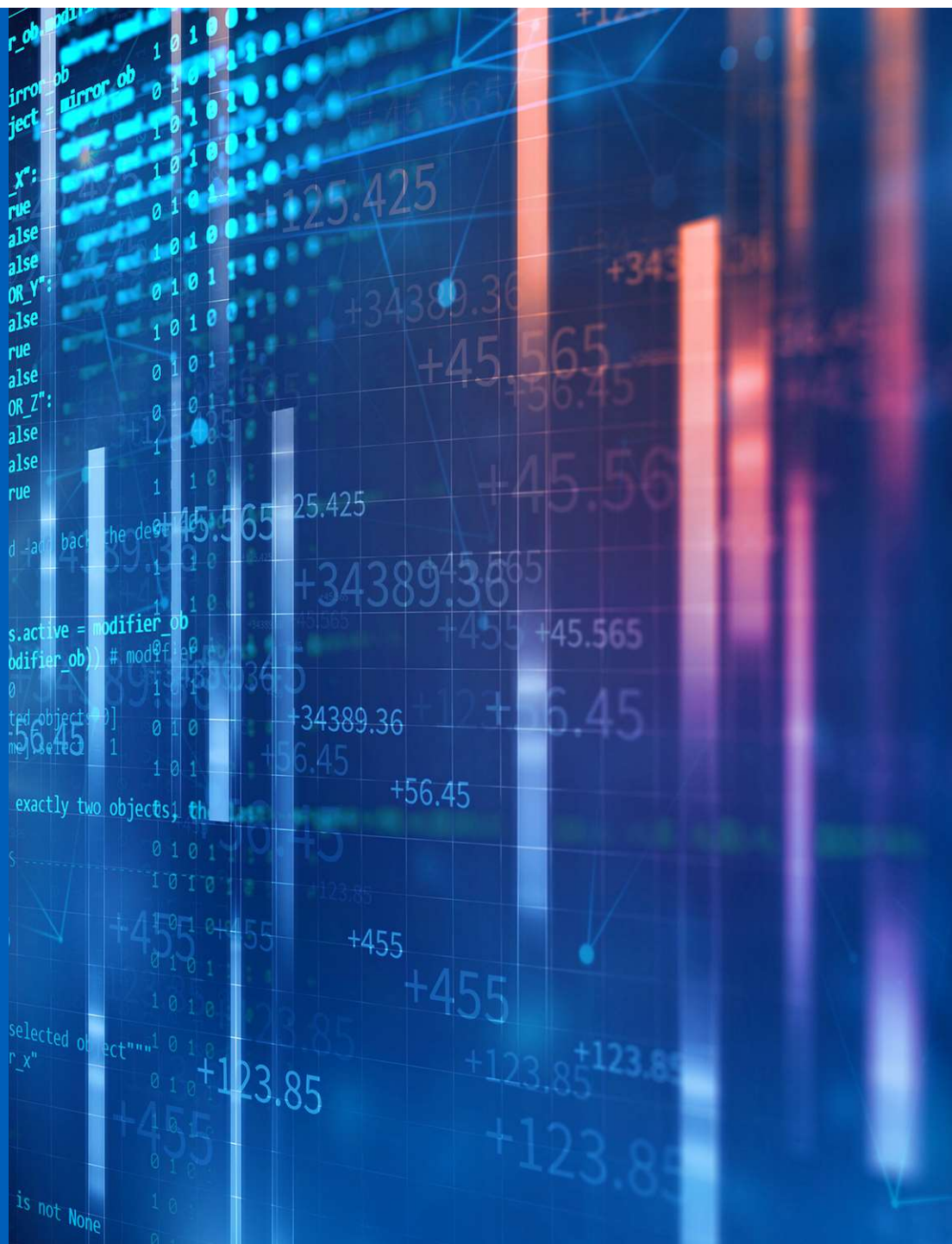
Audit Findings Report  
for the year ended December 31, 2019

*KPMG LLP*

Chartered Professional Accountants, Licensed  
Public Accountants

Prepared on March 24, 2020 for upcoming Board of  
Directors meeting on April 23, 2020

[kpmg.ca/audit](http://kpmg.ca/audit)



# Table of contents

---

<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>MATERIALITY</b>	<b>4</b>
<b>AUDIT RISKS</b>	<b>6</b>
<b>OTHER OBSERVATIONS</b>	<b>10</b>
<b>FINANCIAL STATEMENT PRESENTATION AND DISCLOSURE</b>	<b>13</b>
<b>APPENDICES</b>	<b>15</b>



The contacts at KPMG in connection with this report are:

**Matthew Betik, CPA, CA**  
**Partner**  
Tel: (519) 747-8245  
[mbetik@kpmg.ca](mailto:mbetik@kpmg.ca)

**Stacey Kraemer, CPA, CA**  
**Audit Senior Manager**  
Tel: (519) 747-8846  
[skraemer@kpmg.ca](mailto:skraemer@kpmg.ca)

# Executive summary



## Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2019.



## Finalizing the audit

As of March 24, 2020, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Support for insurance receivable;
- Receipt of management representation letter;
- Receipt of legal responses; and
- Completing our discussions with the Board of Directors and their approval of the financial statements.

Our auditors' report will be dated upon the completion of any remaining procedures.

\*This Audit Findings Report should not be used for any other purpose or by anyone other than the Finance and Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose



# Executive summary



## Audit risks and results

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- grant revenue, deferred revenue, and grant receivables (government transfers); and
- revenue recognition policies

See pages 6 to 11



## Audit materiality

Materiality has been determined based on budget revenue for 2019. We have determined materiality to be \$900,000

See page 5



## Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.



## Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

# Executive summary

Materiality



## Adjustments and differences

We did not identify differences that were corrected nor uncorrected.



## Independence

We are independent and have extensive quality control and conflict checking processes in place.



## Current developments

There are no other new relevant accounting or auditing changes to be brought to your attention at this time. We have included a summary of future accounting standards in Appendix 5.

# Materiality

Materiality determination	Comments	Amount
<b>Benchmark</b>	Based on budgeted revenue for 2019	\$35.5 Million
<b>Materiality</b>	Determined to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements. The corresponding amount for the prior year's audit was \$750,000	\$900,000
<b>% of Benchmark</b>	The corresponding percentage for the prior year's audit was 2.65%	2.5%
<b>Audit Misstatement Posting Threshold (AMPT)</b>	Threshold used to accumulate misstatements identified during the audit. The corresponding amount for the previous year's audit was \$45,000	\$45,000
	Different threshold used to accumulate reclassification misstatements.	\$100,000

Materiality represents the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

To respond to aggregation risk, we design our procedures to detect misstatements at a lower level of materiality.

## We will report to the Board of Directors:



Corrected audit misstatements



Uncorrected audit misstatements



# Audit risks and results

Significant findings from the audit regarding other areas of focus are as follows:

## Significant financial reporting risks

Fraud risk from revenue recognition

## Why are we focusing here?

- This is a presumed fraud risk.
- There are generally pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition.
- We have not identified any specific additional risks of revenue recognition relating to this audit.

## Our response and significant findings

- Not applicable as we have rebutted this fraud risk.



# Audit risks and results

## Significant financial reporting risks

Fraud risk from management override of controls

## Why are we focusing here?

- This is a presumed fraud risk.
- We have not identified any specific additional risks of management override relating to this audit.

## Our response and significant findings

- Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include testing of journal entries and other adjustments, performing a retrospective review of estimates and evaluating the business rationale of significant unusual transactions.
- As a result of our audit procedures, no audit misstatements were identified nor was any fraud identified.





# Audit risks and results

## Other areas of focus

Government transfers

## Why are we focusing here?

This area is identified as higher risk of error in revenue recognition on deferred revenue.

## Our response and significant findings

- We examined contracts, letters and other supporting documentation to support the year-end balances and revenue recognition or deferral of revenue.
- No issues were noted.



# Audit risks and results

## Other matter

Accrued remediation costs

## Why are we focusing here?

Significant accruals - estimation

## Our response and significant findings

- During December 2018, it was identified that furnace oil leaked in the Main Chalet of the Kelso/Glen Eden facility
- Conservation Halton (“CH”), along with service providers and direction received from the TSSA concluded that CH is required to remediate the property and clean up the spill
- We also understand that CH has insurance that is expected to cover the vast majority of the costs
- Accounting rules require that CH accrue as a liability the estimated costs to remediate the property in accordance with appropriate property and environmental standards. While we understand that there are significant uncertainties in what the final cost will be, that does not relieve the entity from making an estimate based on the best information available. Furthermore, to the extent that insurance will cover the cost, an appropriate recover can be recorded. In 2018, \$820K liability was recorded.
- In 2019, the estimate was re-evaluated to be \$1.7M in total costs, in which CH incurred \$1,527K in total costs, accruing a further \$173K. CH also estimated \$1M in insurance receivable for 2019 that they expect to obtain from two insurance policies.
- In future periods, the estimate will need to be re-evaluated and adjusted as necessary. The amount of insurance recoverable should also be reassessed to ensure that the coverage continues to be applicable.

# Other observations



In our view, a key area for management's attention is asset management.

Year	TCA Additions (millions \$)	TCA Amortization (millions \$)	Summary observation
2014	3.8	1.6	— In aggregate, over the past six years, tangible capital assets have been acquired at a multiple of 212% of amortization, or 2.12 to 1. Even if the current year is excluded, the rate is 1.6 to 1.
2015	3.3	1.6	
2016	1.0	1.6	— To ensure that tangible capital assets are being renewed at a sustainable rate, a multiple of 1.5 – 2.0 should be maintained over the long term.
2017	3.1	1.7	
2018	2.4	1.8	— Note that large infrastructure projects can skew this analysis and need to be considered qualitatively.
2019	8.1	2.0	
Average	3.6	1.7	— Excluding land, the ratio of net book value to cost of tangible capital assets is 0.57.
			— This means that your assets, on average, are less than 1/2 of the way through their useful lives. The Infrastructure category of assets is the biggest driver, at a ratio of 0.60. This ratio improved significantly in 2019, with significant capital put into services of more than \$8.0M
			— We note that much of the current year capital is funded by additional grants, under the Major Projects caption in the statement of operations. We further note that under the accounting rules, the grants and other funding for these Major Projects are recorded as revenue in the year that the related capital expenditures are incurred, whereas the capital expenditures are recorded as Tangible Capital Assets and then amortized over their useful lives. This results in a mismatch between when the revenues and expenses are recorded in the audited financial statements, resulting in a larger than normal annual surplus this year.



# Audit Response to COVID-19 Pandemic

Subsequent Events	Our audit approach
<b>Subsequent Events</b>	<p>Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social dislocating impact. As such enhanced subsequent events procedures are warranted.</p> <p>There are two types of subsequent events, with the accounting treatment dependent on the categorization as follows:</p> <ul style="list-style-type: none"> <li>— Events that provide future evidence of conditions that existed at the financial statement date. For these conditions, the financial statements should be adjusted for measurable impact to the assets, liabilities, revenues and expenditures.</li> <li>— Events that are indicative of conditions that rose subsequent to the financial statement date. For these conditions, disclosures, at a minimum, should include a description of the event and an estimate of the financial impact, when practicable or a statement that an estimate cannot be made.</li> </ul> <p>Audit response:</p> <ul style="list-style-type: none"> <li>— Management has worked with the audit team to customize language for a subsequent event note.</li> <li>— A list of any financial implications and actions undertaken by the entity should be disclosed in the notes, examples may include:               <ul style="list-style-type: none"> <li>— Experienced temporary declines in the fair value of investments and investment income</li> <li>— Closure of facilities (non-essential services) from March 23, 2020 to the date of the auditors' report based on public health recommendations to slow the transmission</li> <li>— Mandatory working from home requirements for those able to do so</li> </ul> </li> <li>— A statement as to whether or not these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. Along with measurement of an estimated impact on the financial effect <u>or</u> indication if one is not practicable at this time.</li> </ul>

Resources	
<b>Resources for Management, Board and Committee members</b>	<p><a href="#">COVID-19 Alerts (Live Link)</a></p> <p>Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by Federal, Provincial and Municipal news releases.</p> <ul style="list-style-type: none"> <li>— Business continuity guide</li> <li>— Immediate actions to take</li> <li>— Medium to long-term actions</li> <li>— Tax considerations and a summary of Federal and Provincial programs</li> <li>— Legal considerations</li> <li>— Financial reporting and audit considerations</li> <li>— Global perspectives</li> </ul>

# Financial Statement Presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Conservation's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter included in the Appendices.

We also highlight the following:



---

**Form, arrangement, and content of the financial statements**

The form, arrangement and content of the financial statements are appropriate for the size, scope and industry segment of the organization. It is consistent with its peer group in Ontario and in accordance with PSAB standards.

---

**Application of accounting pronouncements issued but not yet effective**

No concerns at this time regarding future implementation

---

# Technology in the audit



## Areas of the audit where Technology and D&A routines were used

Tool	Our results and insights
KPMG Clara Client Collaboration	We utilized KPMG Client Collaboration tool to manage the audit, including exchange of information.

# Appendices



**Appendix 1: Required communications**



**Appendix 2: Audit Quality and risk management**



**Appendix 3: Key audit matters - identification**



**Appendix 4: Management representation letter**



**Appendix 5: Current developments and audit trends**

# Appendix 1: Other Required Communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

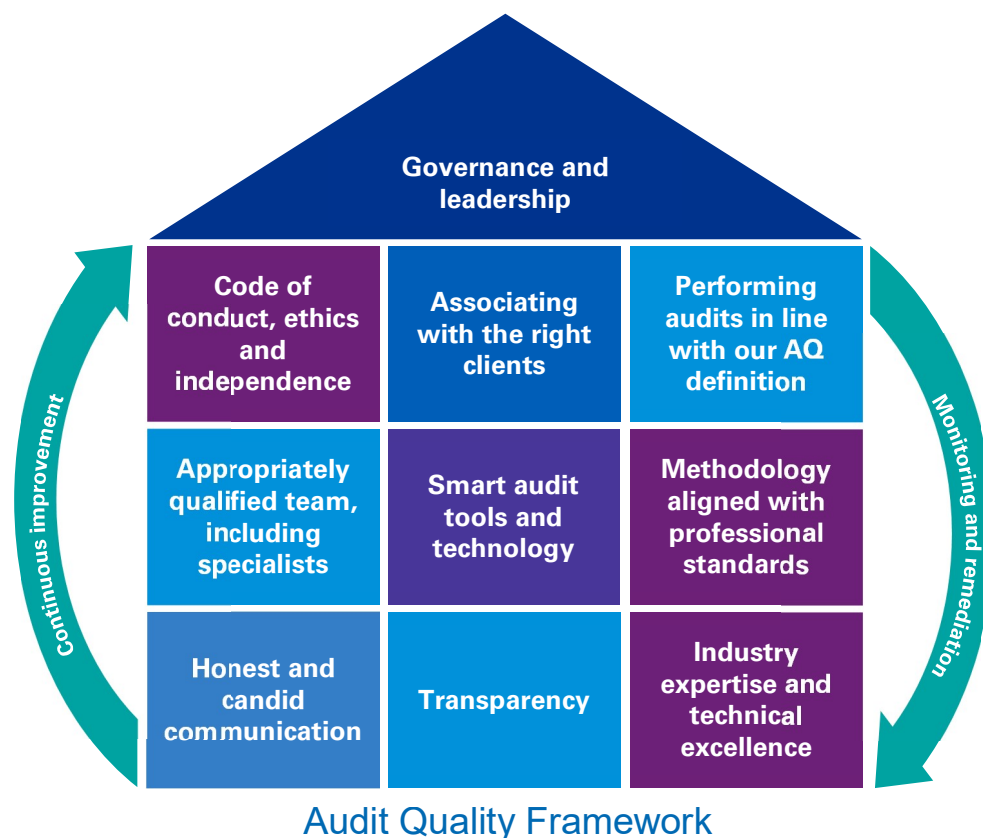
Auditor's report	Management representation letter
The conclusion of our audit is set out in our draft auditors' report in the draft financial statements.	In accordance with professional standards, a copy of the management representation letter are provided to the Finance and Audit Committee. The management representation letter is included in Appendix 4.
Audit quality	
Audit Quality (AQ) is at the core of everything we do at KPMG. Appendix 2 provides more information on AQ	

---

# Appendix 2: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



## What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality and Transparency report](#) for more information including access to our [Audit Quality and Transparency report](#).

# Appendix 3: Key Audit Matters — Identification

Key audit matters (KAMs) are those matters that were communicated to those charged with governance which required significant auditor attention in performing the audit and that, in the auditor's professional judgment, were of the most significance in the audit of the financial statements in the current period.

Currently, the communication of KAMs in the auditors' report is only applicable when:

1. The auditors' report will refer to International Standards on Auditing and the audit is for a complete set of general purpose financial statements of a listed entity
2. Required by law or regulation; or
3. The auditor is engaged to do so

However, the AASB approved amendments to bullet #1 which now require auditors' to communicate KAMs in the auditors' report for audits of complete sets of general purpose financial statements of:

- Toronto Stock Exchange listed entities (TSX listed entities) for periods ending on or after December 15, 2020.
- Other listed entities (non-TSX listed entities) for periods ending on or after December 15, 2022.

The above excludes TSX listed entities / Non-TSX listed entities that comply with National Instrument 81-106, *Investment Fund Continuous Disclosure*.

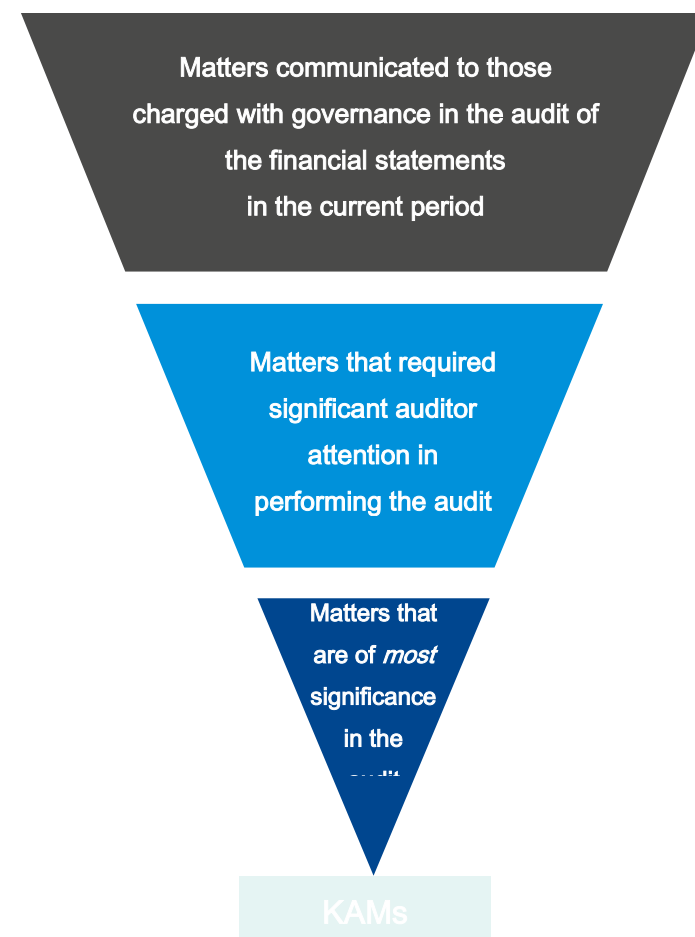
The above includes auditors' reports on separate/non-consolidated financial statements.

The total population of potential KAMs begins with all matters communicated to the Finance Committee during the audit of the current period.

The auditor is required to identify from that total population of potential KAMs, which matters required significant auditor attention in performing the audit. In doing so, the auditor is required to take into account the following:

- Areas of higher assessed risks of material misstatement identified
- Areas of significant risks identified
- Significant auditor judgments relating to areas in the financial statements that are subject to a high degree of estimation uncertainty
- The effect of the audit of significant events or transactions that occurred during the period

From that population of potential KAMs, the auditor identifies those matters that are of "most" significance in the audit. The use of the term "most" is not intended to limit the number of KAMs to one. However, lengthy lists of KAMs may be contrary to the notion that such matters are of most significance to the audit.





## Appendix 4: Management representation letter



KPMG LLP  
115 King Street South, 2<sup>nd</sup> Floor  
Waterloo, Ontario, N2J 5A3

April 23, 2020

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Conservation Halton (“the Entity”) as at and for the year ended December 31, 2019.

*General:*

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

*Responsibilities:*

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated November 30, 2018, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including:
    - (i) the names of all related parties and information regarding all relationships and transactions with related parties; and
    - (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.

- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

*Internal control over financial reporting:*

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

*Fraud & non-compliance with laws and regulations:*

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

*Subsequent events:*

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

*Related parties:*

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

*Estimates:*

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

*Going concern:*

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

*Non-SEC registrants or non-reporting issuers:*

- 10) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 11) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

---

By: Marnie Piggot, Director, Finance

---

By: Hassaan Basit, Chief Administrative Officer

## ***Attachment I – Definitions***

### ***Materiality***

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

### ***Fraud & error***

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

# Appendix 5: Current developments and audit trends

The following is a summary of the current developments that are relevant to the Conservation Halton:

Standard	Summary and implications
<b>PS 3250, Employee Benefits</b>	<p>Identified as the top priority in PSAB's 2014 Project Priority Survey, the Board has approved a project to review Section PS 3250, Retirement Benefits, and Section PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits. Since the issuance of these Sections decades ago, new types of pension plans have been introduced and there have been changes in the related accounting concepts.</p> <p>This project will involve looking at issues such as deferral of experience gains and losses, discount rates, how to account for shared risk plans, multi-employer defined benefit plans and vested sick leave benefits. Other improvements to existing guidance will also be considered.</p> <p>A new, comprehensive Handbook Section on employment benefits will replace the two existing Sections. PSAB have sent out an invitation to comment. In 2019 they will deliberate comments received on three invitations to comment.</p>
<b>PS 3280, Asset Retirement Obligations</b>	<p>This standard describes how to account for and report asset retirement obligations associated with tangible capital assets.</p> <p>This standard is effective for fiscal periods beginning on or after April 1, 2021 (Conservation Halton's December 31, 2022 yearend).</p> <p>Implications: Conservation Halton will have to identify if they have any asset retirement obligations.</p>
<b>Public Private Partnerships</b>	<p>In recent years, governments across Canada are increasingly using various forms of public private partnership arrangements for the provision of assets and delivery of services.</p> <p>This project is expected to develop in two stages. The first stage will involve contemplating specific issues, including project scope, recognition and measurement of a public private partnership and disclosure requirements. Other issues will also be considered. The second stage will involve determining how to account for public private partnerships.</p> <p>The objective is to develop a public sector accounting standard specific to public private partnerships. In the first quarter of 2019, PSAAB is expecting to release an Exposure Draft.</p>



---

**PS 3041, Portfolio investments** This section revises and replaces PS 3040, Portfolio Investments. It describes how to account for and report portfolio investments.

---

**PS 3400, Revenue** Currently the Public Sector Accounting Handbook has two sections that address two major sources of revenue, government transfers and tax revenue. This new standard addresses the recognition, measurement and presentation of revenues that are common in the public sector other than government transfers and tax revenue.

PSAB has approved this section, in the fourth quarter of 2018 the final standard will be released.

---

Our discussions with you, our audit opinion and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
<b>Accelerate</b>	Accelerate is a KPMG audit trends report and video series that includes the perspective of subject matter leaders from across KPMG in Canada on seven key issues impacting organizations today that are disrupting the audit committee mandate.	<a href="#">Link to report</a>
<b>The Blockchain shift will be seismic</b>	Blockchain technology is a focused disruptor of the very foundations of external and internal audit: financial recordkeeping and reporting. This Audit Point of View article offers insight on how blockchain technology is impacting business and what audit committees should be thinking about to prepare for certain risks.	<a href="#">Link to report</a>
<b>2018 Audit Quality and Transparency Report</b>	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	<a href="#">Link to report</a>



[kpmg.ca/audit](https://kpmg.ca/audit)



KPMG LLP, an Audit, Tax and Advisory firm ([kpmg.ca](https://kpmg.ca)) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative ("KPMG International").

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2020 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.





**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 11

**FROM:** Marnie Piggot, Director, Finance

**DATE:** April 23, 2020

**SUBJECT:** **2019 Budget Variance Report**

---

### Recommendation

THAT the Conservation Halton Board of Directors **approve the allocation of the 2019 operating surplus to the following Reserves:**

- **\$250,000 to the Building – State of Good Repair Reserve.**
- **\$72,162 to the Building Reserve.**
- **\$100,000 to the Watershed Management & Support Services Stabilization Reserve.**
- **\$250,000 to a new Digital Transformation Reserve to be established and included in the Conservation Halton Reserves Policy.**
- **\$702,213 to the Conservation Areas Capital Reserve.**
- **\$64,000 to the Conservation Areas Stabilization Reserve**

And

THAT a transfer of \$137,589 to the Debt Financing Charges Reserve **be approved for the budget amount in excess of actual 2019 debt financing charges expense.**

And

THAT the Conservation Halton Board of Directors **receive for information the Budget Variance Report for the year ended December 31, 2019.**

### Executive Summary

Attached is the Budget Variance Report for the year ended December 31, 2019. The total operating surplus reported for 2019 is \$1,438,374. The details of the 2019 operating surplus are summarized in the table below. This operating surplus is comprised of a surplus in the Watershed Management and Support Services (WMSS) programs of \$672,162 and \$766,213 in the Conservation Areas.

The projected operating surplus presented in the September 30, 2019 Budget Variance Report was \$233,304 for the WMSS programs and \$1,042,288 for the Conservation Areas.

Details of the 2019 operating surplus and budget variances are included in the notes contained on the Budget Variance Report financial appendix.

The Budget Variance Report financial amounts will be used by Finance staff to prepare the audited financial statements that will be audited by KPMG, Conservation Halton's auditors in March.

	ACTUAL		VARIANCE	VARIANCE	ACTUAL
	December 31	BUDGET	OVER (UNDER)	OVER (UNDER)	December 31
Program	2019	2019	BUDGET	BUDGET	2018
<b>WATERSHED MANAGEMENT &amp; SUPPORT SERVICES (WMSS)</b>					
Revenue	15,174,442	16,383,476	(1,209,034)	(7.4%)	15,195,359
Expenses	14,502,281	16,383,476	(1,881,195)	(11.5%)	14,718,985
<b>Operating Surplus</b>	<b>672,162</b>	<b>-</b>	<b>672,162</b>	<b>0.0%</b>	<b>476,374</b>
<b>CONSERVATION AREAS</b>					
Revenue	14,352,181	12,799,650	1,552,531	12.1%	13,400,143
Expenses	12,895,968	12,320,950	575,018	4.7%	12,180,096
Operating Surplus prior to Fuel spill remediation costs	1,456,213	478,700	977,513	204.2%	1,220,047
Fuel spill remediation costs in excess of insurance recovery	690,000	-	690,000		10,000
<b>Operating Surplus including Fuel Spill remediation costs</b>	<b>766,213</b>	<b>478,700</b>	<b>287,513</b>	<b>60.1%</b>	<b>1,210,047</b>
<b>Total Operating Surplus</b>	<b>\$1,438,374</b>	<b>\$478,700</b>	<b>\$959,674</b>	<b>200.5%</b>	<b>\$1,686,421</b>

## Report

The WMSS operating surplus of \$672,162 is primarily the result of cost savings from vacant staff positions during 2019. Purchased services including legal, consulting and discretionary maintenance were also below the 2019 budget amounts. These cost savings have helped to mitigate higher than anticipated compensation review adjustments implemented in 2019 not included in the 2019 budget and the 2019 provincial operating grant cut of \$145,000.

The transfer from the WMSS Stabilization Reserve of up to \$145,000 approved in April related to the provincial funding cut is not required and has not been transferred. Vacant staff positions are anticipated to be filled in 2020. Consulting and discretionary maintenance expenses were reduced in the 2020 budget to better align with historical spending. The reduction in anticipated expenditures helped minimize the overall municipal funding request.

The Conservation Areas operating surplus of \$1,456,213 prior to fuel spill remediation costs can be attributed to a growth in park revenues at all the Conservation Areas. Park revenue growth is directly related to the increase in the number of parks visitors and program enhancements. Expenses related to part-time staff increased due to the growth in number of parks visitors.

Fuel spill remediation expenses related to a furnace oil leak at Kelso/Glen Eden in December 2018 are expected to total \$1,700,000, which include final spring 2020 clean up costs estimated at \$173,000. The total costs incurred are offset in 2019 by \$820,000 accrued in 2018 for the clean up cost estimate based on the information available at that time, leaving \$880,000 in costs to be reported in 2019. The remaining estimated spring 2020 costs are to complete soil drilling, testing and monitoring to meet the

TSSA order requirements. Also, for 2019 an increase to the insurance recovery of \$190,000 was made to the \$810,000 recorded in 2018 bringing the total insurance receivable to \$1,000,000. The receivable is based on coverage included under two insurance policies of \$500,000 under each policy. The draft claim was recently submitted to both insurers and is subject to final approval by the insurance adjusters.

In order to mitigate the potential insurance claim recovery shortfall, parks capital projects totalling \$750,000 were put on hold in 2019.

### **Reserves**

The Reserve Continuity schedule below provides details of transfers to and from reserves. After the recommended reserve transfers, total reserves as of December 31, 2019 are \$9,051,289.

The Watershed Management and Support Services operating surplus of \$672,162 is recommended to be allocated to reserves as follows:

Building – State of Good Repairs	\$250,000
Building	72,162
Watershed Management & Support Services Stabilization	100,000
Digital Transformation	<u>250,000</u>
Total	<b><u>\$672,162</u></b>

The Conservation Areas operating surplus of \$766,213 is recommended for transfer to the following reserves:

Conservation Areas Capital	\$702,213
Conservation Areas Revenue Stabilization	<u>64,000</u>
	<b><u>\$766,213</u></b>

The transfer to the Stabilization Reserve of \$64,000 will bring the reserve balance to 7.5% of the 2020 revenue budget of \$13,340,250 which is mid-way of the target reserve balance of 5% to 10%.

Name of Reserve	Reserve Balances Jan.1, 2019	Previously Approved Reserve Transfers	Reserve Balances Prior to Transfers to be Approved	Reserve Transfers to be Approved April 23, 2020 Board Meeting Invest. Rev.	Reserve Transfers to be Approved Apr-20 Board Meeting Op. Surplus	Reserve Balances Dec. 31, 2019 After Transfers to be Approved
<b>Watershed Management &amp; Support Services</b>						
Vehicle and equipment	1,041,128	(173,306) 25,000	892,822	21,600		<b>914,422</b>
Building - State of Good Repair	0	(60,707) 75,000	14,293		250,000	<b>264,293</b>
Building	442,308	(44,042)	398,266	9,700	72,162	<b>480,128</b>
Watershed Management Capital - Municipal Fund	389,228	(138,195) 339,200	590,233	11,100		<b>601,333</b>
Watershed Management Capital - Self Generated Fund	356,309		356,309	34,600		<b>390,909</b>
Watershed Management & Support Services Stabilization	730,413	(37,220)	693,193		100,000	<b>793,193</b>
Debt Financing Charges Capital	335,081		335,081		137,589	<b>472,670</b>
Digital Transformation	0		0		250,000	<b>250,000</b>
Legal - Planning & Watershed Management	258,891		258,891			<b>258,891</b>
Legal - Corporate	200,000		200,000			<b>200,000</b>
Water Festival	188,911	-	188,911			<b>188,911</b>
Land Securement	9,037	25,000	34,037	500		<b>34,537</b>
Property Management	95,040	-	95,040			<b>95,040</b>
Stewardship and restoration	405,511	(15,000)	390,511			<b>390,511</b>
<b>Conservation Areas</b>						
Capital	2,403,893	(446,723)	1,957,171	56,500	702,213	<b>2,715,884</b>
Revenue Stabilization	936,568		936,568		64,000	<b>1,000,568</b>
<b>Total Reserves</b>	<b>\$7,792,318</b>	<b>\$ (450,993)</b>	<b>\$ 7,341,325</b>	<b>\$ 134,000</b>	<b>\$ 1,575,964</b>	<b>\$ 9,051,289</b>

## Impact on Strategic Goals

This report supports the Metamorphosis strategic theme of Striving for service excellence and efficiency. This theme is supported by the objective to provide clear financial data and analysis to support informed strategic and operational decision-making for budget development and long-term planning.

## Financial Impact

The report summarizes the variances that have contributed to the 2019 operating surplus of \$1,438,374 and recommends distribution of the surplus to reserves. The variances that have occurred during the year will inform the management of the approved 2020 Budget and preparation of the 2021 Budget.

Signed & respectfully submitted:



Marnie Piggot  
Director, Finance

Approved for circulation:



Hassaan Basit  
CAO/Secretary-Treasurer



Lawrence Wagner  
Senior Director, Corporate Services

**FOR QUESTIONS ON CONTENT:**

Marnie Piggot; Director Finance  
905-336-1158, ext. 2240; [mpiggot@hrca.on.ca](mailto:mpiggot@hrca.on.ca);



Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>WATERSHED MANAGEMENT &amp; SUPPORT SERVICES (WMSS)</b>					
<b>CORPORATE SERVICES</b>					
<u>Expenditures</u>					
Salaries and Benefits	1	2,880,508	3,273,493	(392,985)	(12.0%)
Total Materials & Supplies and Purchased Services		800,586	873,941	(73,355)	(8.4%)
Debt Financing Charges	2	559,050	696,639	(137,589)	(19.8%)
Transfer to Reserves	2	601,789	464,200	137,589	29.6%
<b>Total Expenditures</b>		<b>4,841,933</b>	<b>5,308,273</b>	<b>(466,340)</b>	<b>(8.8%)</b>
<u>Revenue</u>					
Program & Other Revenue		188,589	104,500	84,089	80.5%
Provincial Funding		-	-	-	0.0%
Municipal Funding		9,090,985	9,090,985	-	0.0%
Chargeback Recoveries		549,347	611,605	(62,258)	(10.2%)
Reserve Funding		28,000	15,000	13,000	86.7%
<b>Total Revenues</b>	3	<b>9,856,921</b>	<b>9,822,090</b>	<b>34,831</b>	<b>0.4%</b>
<b>TOTAL CORPORATE SERVICES</b>		<b>5,014,988</b>	<b>4,513,817</b>	<b>501,171</b>	<b>11.1%</b>

**Notes:**

- Salaries and benefits are lower due to several staff vacancies in Communications, Digital Transformation and GIS during the year.
- Actual Debt financing Charges are less than the budget amount and the difference is recommended to be transferred to the Debt Financing Reserve.
- Program revenue is higher due to increased investment revenue. Chargeback recoveries are lower than the budget amount due to vacancies in staff positions .

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>CORPORATE COMPLIANCE</b>					
<u>Expenditures</u>					
Salaries and Benefits	4	467,588	517,152	(49,564)	(9.6%)
Total Materials & Supplies and Purchased Services	5	131,624	169,500	(37,876)	(22.3%)
<b>Total Expenditures</b>		<b>599,212</b>	<b>686,652</b>	<b>(87,440)</b>	<b>(12.7%)</b>
<u>Revenue</u>					
Chargeback Recoveries	5	198,192	235,700	(37,508)	(15.9%)
<b>Total Revenues</b>		<b>198,192</b>	<b>235,700</b>	<b>(37,508)</b>	<b>(15.9%)</b>
<b>TOTAL CORPORATE COMPLIANCE</b>		<b>(401,020)</b>	<b>(450,952)</b>	<b>49,932</b>	<b>(11.1%)</b>

**Notes:**

4. Salaries and benefits are lower primarily due to the new Procurement Specialist position vacancy for the first part of the year that resulted in a reduced chargeback recovery.
5. Purchased services actual expenses for legal, consulting and insurance are less than the amounts included in the 2019 budget.

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>ENGINEERING AND FLOOD FORECASTING &amp; OPERATIONS</b>					
<u>Expenditures</u>					
Salaries and Benefits		734,585	769,266	(34,681)	(4.5%)
Total Materials & Supplies and Purchased Services	6	175,850	227,100	(51,250)	(22.6%)
<b>Total Expenditures</b>		<b>910,434</b>	<b>996,366</b>	<b>(85,932)</b>	<b>(8.6%)</b>
<u>Revenue</u>					
Program & Other Revenue		-	3,000	(3,000)	(100.0%)
Provincial Funding	7	155,034	304,311	(149,277)	(49.1%)
Chargeback Recoveries	8	200,079	222,403	(22,324)	(10.0%)
<b>Total Revenues</b>		<b>355,113</b>	<b>529,714</b>	<b>(174,601)</b>	<b>(33.0%)</b>
<b>TOTAL ENGINEERING AND FLOOD FORECASTING &amp; OPERATIONS</b>		<b>(555,321)</b>	<b>(466,652)</b>	<b>(88,669)</b>	<b>19.0%</b>

**Notes:**

6. Maintenance and consulting actual expenses incurred are less than the 2019 budget amounts.
7. Provincial operating funding was reduced during the year by \$145,277 and Low Water Response funding was reduced by \$4,000.
8. The recovery of staff time through capital projects is based on the actual staff time worked eligible to be charged to projects. The shortfall is offset by lower program expenses.

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>PLANNING &amp; WATERSHED MANAGEMENT</b>					
<u>Expenditures</u>					
Salaries and Benefits		3,490,382	3,795,370	(304,988)	(8.0%)
Total Materials & Supplies and Purchased Services	9	303,448	550,715	(247,267)	(44.9%)
<b>Total Expenditures</b>		<b>3,793,830</b>	<b>4,346,085</b>	<b>(552,255)</b>	<b>(12.7%)</b>
<u>Revenue</u>					
Program & Other Revenue	10	2,001,537	2,485,862	(484,325)	(19.5%)
Provincial Funding	11	259,405	315,166	(55,761)	(17.7%)
Other Municipal Funding	12	430,357	472,503	(42,146)	(8.9%)
Chargeback Recoveries		5,371	7,000	(1,629)	(23.3%)
<b>Total Revenues</b>		<b>2,696,671</b>	<b>3,280,531</b>	<b>(583,860)</b>	<b>(17.8%)</b>
<b>TOTAL PLANNING &amp; WATERSHED MANAGEMENT</b>		<b>(1,097,159)</b>	<b>(1,065,554)</b>	<b>(31,605)</b>	<b>3.0%</b>

**Notes:**

9. Planning & Watershed Management 2019 legal purchased services expenses are less than the projected and budget amounts.
10. The 2019 budget target for planning and permit fees was anticipated in early 2019 to be set too high based on 2018 actual amounts. This shortfall is partially offset by savings in salaries and benefits from staff position vacancies and legal cost savings.
11. The Source Protection program is fully funded by the province. Provincial funding for 2019 was lower in conjunction with reduced actual program costs as a result of the program relocation to the Administration Office and a staff position vacancy.
12. Regional Infrastructure Team (RIT) expenses are fully funded by other municipal funding. With RIT expenses under budget from staffing changes the associated funding is lower by a similar amount.

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>SCIENCE &amp; PARTNERSHIPS (S &amp; P)</b>					
<u>Expenditures</u>					
Salaries and Benefits	15	1,553,025	1,578,078	(25,053)	(1.6%)
Total Materials & Supplies and Purchased Services	13	343,736	454,086	(110,350)	(24.3%)
<b>Total Expenditures</b>		<b>1,896,760</b>	<b>2,032,164</b>	<b>(135,404)</b>	<b>(6.7%)</b>
<u>Revenue</u>					
Program & Other Revenue	14	280,901	330,470	(49,569)	(15.0%)
Provincial Grant Funding	13	25,000	50,000	(25,000)	(50.0%)
Other Municipal Funding	13	183,420	146,006	37,414	25.6%
Federal Funding	13	123,750	165,000	(41,250)	(25.0%)
Chargeback Recoveries	15	182,572	215,140	(32,568)	(15.1%)
Reserve Funding		15,000	22,120	(7,120)	(32.2%)
<b>Total Revenues</b>		<b>810,643</b>	<b>928,736</b>	<b>(118,093)</b>	<b>(12.7%)</b>
<b>TOTAL SCIENCE &amp; PARTNERSHIPS</b>		<b>(1,086,118)</b>	<b>(1,103,428)</b>	<b>17,310</b>	<b>(1.6%)</b>

**Notes:**

13. The S & P group includes the Hamilton Harbour Remedial Action Plan (HHRAP). Provincial funding for HHRAP was partially reduced in late 2018 after the budget was approved that was mitigated by a reduction to HHRAP purchased services expenses. The program changes also resulted in lower federal funding as the funding is based on actual expenses. Purchased services for Ecology are lower with the deferral of the electrofishing boat rental included in the budget to another year. Stewardship materials and supplies are lower than anticipated by almost \$25,000 due to lower grant funding received and project work.

14. Program revenue is less than the 2019 budget amount due to anticipated grants that were not approved such as for planting projects for funding by Forests Ontario.

15. Program staffing vacancies, primarily in the Forestry Tech. team, impacted the recovery of staff time allocated to the Emerald Ash Borer (EAB) capital project. The EAB capital project is fully funded by other municipal funding from Halton Region. The shortfall is offset by staff and other cost savings.

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>PROJECT MANAGEMENT OFFICE</b>					
<u>Expenditures</u>					
Salaries and Benefits	16	510,472	709,171	(198,699)	(28.0%)
Total Materials & Supplies and Purchased Services	17	290,092	522,928	(232,836)	(44.5%)
<b>Total Expenditures</b>		<b>800,564</b>	<b>1,232,099</b>	<b>(431,535)</b>	<b>(35.0%)</b>
<u>Revenue</u>					
Program & Other Revenue	17	3,509	57,725	(54,216)	(93.9%)
Chargeback Recoveries	17	198,828	476,817	(277,989)	(58.3%)
<b>Total Revenues</b>		<b>202,337</b>	<b>534,542</b>	<b>(332,205)</b>	<b>(62.1%)</b>
<b>TOTAL PROJECT MANAGEMENT OFFICE</b>		<b>(598,227)</b>	<b>(697,557)</b>	<b>99,330</b>	<b>(14.2%)</b>

**Notes:**

16. Staff salaries and benefits are less than the budget amount due to staff position vacancies in Project Management Office and Restoration.

17. Based on the actual partnership project work carried out by PMO staff in 2019, contract project staff positions included in the 2019 budget were not hired. The revised project work resulted in lower staff, program materials and purchased services costs. The revised projects and associated costs resulted in lower chargeback recoveries of costs and administration fees from the projects.



Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>OPERATIONS</b>					
<u>Expenditures</u>					
Salaries and Benefits		675,251	739,735	(64,484)	(8.7%)
Chargeback - Parks		47,600	47,600	-	0.0%
Total Materials & Supplies and Purchased Services	18	209,429	315,539	(106,110)	(33.6%)
<b>Total Expenditures</b>		<b>932,280</b>	<b>1,102,874</b>	<b>(170,594)</b>	<b>(15.5%)</b>
<u>Revenue</u>					
Program & Other Revenue		40,289	32,000	8,289	25.9%
Provincial Grants		125,065	125,000	65	0.1%
Other Municipal Funding	19	45,913	82,000	(36,087)	(44.0%)
Chargeback Recoveries	20	116,032	134,200	(18,168)	(13.5%)
<b>Total Revenues</b>		<b>327,299</b>	<b>373,200</b>	<b>(45,901)</b>	<b>(12.3%)</b>
<b>TOTAL OPERATIONS</b>		<b>(604,981)</b>	<b>(729,674)</b>	<b>124,693</b>	<b>(17.1%)</b>

**Notes:**

18. Property management program materials and purchased service costs are less than the 2019 budget amount based on the 2019 work required to be completed.

19. Forestry program revenues are estimated to be less than the budget amount as a result of a reduction in forest maintenance services provided to Halton Region at the Regional landfill and Agreement Forest.

20. The recovery of staff time allocated to the EAB capital project is less than the budget due to work on other projects. The revenue shortfall is more than offset by savings in staff and other costs.

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>PARTNERSHIP PROJECTS - SCIENCE &amp; PARTNERSHIPS AND PROJECT MANAGEMENT OFFICE</b>					
<u>Expenditures</u>					
Salaries and Benefits		207,044	328,540	(121,496)	(37.0%)
Total Materials & Supplies and Purchased Services		520,223	350,423	169,800	48.5%
<b>Total Expenditures</b>	<b>21</b>	<b>727,267</b>	<b>678,963</b>	<b>48,303</b>	<b>7.1%</b>
<u>Revenue</u>					
Program Revenue		473,404	519,879	(21,859)	(4.2%)
Provincial Grants		140,854	56,834	59,404	104.5%
Other Municipal Funding		8,977	-	8,977	0.0%
Federal Funding		104,032	102,250	1,782	1.7%
<b>Total Revenues</b>	<b>21</b>	<b>727,267</b>	<b>678,963</b>	<b>48,304</b>	<b>7.1%</b>
		<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>0.0%</b>
<b>Notes:</b>					
21. Partnership project costs are fully funded by related project grants and other funding. The increase in partnership projects is mainly due to work carried over from the prior year such as the Limestone Creek project due to permit requirements and new projects approved after the budget was prepared.					
<b>TOTAL WMSS REVENUE</b>		<b>15,174,442</b>	<b>16,383,476</b>	<b>(1,209,034)</b>	<b>(7.4%)</b>
<b>TOTAL WMSS EXPENDITURES</b>		<b>14,502,281</b>	<b>16,383,476</b>	<b>(1,881,195)</b>	<b>(11.5%)</b>
<b>TOTAL</b>		<b>672,162</b>	<b>-</b>	<b>672,162</b>	<b>0.0%</b>

Conservation Halton  
Budget Variance Report  
For the Year Ended December 31, 2019

	REPORT NOTE	ACTUAL YTD DECEMBER 31, 2019	2019 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
<b>CONSERVATION AREAS</b>					
<u>Expenditures</u>					
Salaries and Benefits	22	7,706,662	7,338,798	367,864	5.0%
Total Materials & Supplies and Purchased Services		4,257,314	3,944,052	313,262	7.9%
Fuel Spill Remediation	23	880,000	-	880,000	0.0%
Chargeback - WMSS Support Services to Parks	24	931,992	1,038,100	(106,108)	(10.2%)
<b>Total Expenditures</b>		<b>13,775,969</b>	<b>12,320,950</b>	<b>1,455,019</b>	<b>11.8%</b>
<u>Revenue</u>					
Program Revenue	22	13,923,191	12,452,050	1,471,141	11.8%
Other Revenue		141,390	60,000	81,390	135.7%
Municipal Funding		240,000	240,000	-	0.0%
Chargeback - Parks to WMSS		47,600	47,600	-	0.0%
Other - Insurance Claim Recovery	23	190,000	-	190,000	0.0%
<b>Total Revenues</b>		<b>14,542,181</b>	<b>12,799,650</b>	<b>1,742,531</b>	<b>13.6%</b>
<b>TOTAL - TRANSFER TO CONSERVATION AREA RESERVES</b>		<b>766,213</b>	<b>478,700</b>	<b>287,513</b>	<b>60.1%</b>

**Notes:**

22. Conservation Areas part time staffing costs are higher than the budget amount as a result of increased visitation to the parks. The increased costs are offset by increased park revenues.

23. Fuel spill remediation expenses related to a furnace oil leak at Kelso/Glen Eden in December 2018 total \$1,700,000 including estimated spring 2020 clean up work. The total 2019 costs incurred are offset by \$820,000 accrued in 2018 for the clean up cost estimate based on the information available at that time, leaving \$880,000 in costs to be reported in 2019. An increase in the insurance recovery of \$190,000 was made to the \$810,000 receivable recorded in 2018 bringing the total insurance receivable to \$1,000,000. The receivable is based on coverage included under two insurance policies of \$500,000 under each policy.

24. The chargeback to the Conservation Areas by WMSS support services is less than the budget amount as a result of staff position vacancies. The shortfall in chargeback recoveries for the WMSS program is more than offset by the related reduced staffing costs.

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 12

**REPORT FROM:** Marnie Piggot, Director, Finance

**DATE:** April 23, 2020

**SUBJECT:** **2019 Investments and Investment Revenue**

---

### Recommendation

THAT the Conservation Halton Board of Directors **approve the allocation of investment revenue of \$377,835 to operating funds and to reserves as noted in the report;**

And

THAT the staff report on 2019 Investments and Investment Revenue dated April 23, 2020 **be received for information.**

### Executive Summary

In 2019, total investment revenue of \$816,952 was earned on total investments at December 31, 2019 of \$23,974,589. Investment revenue in 2018 was \$551,976 on total investments of \$25,114,239. Details regarding the 2019 investment revenue and investments are contained in the chart in the report.

Investment revenue of \$377,835 is recommended to be allocated to capital reserve funds in the amount of \$134,000 and \$243,835 to operating funds for the Watershed Management & Support Services and Conservation Areas programs. The amounts allocated to the respective funds and reserves are noted in the report.

Investments are recorded at the lower of cost or market value for accounting purposes. Fair market values for the One Investment program investments exceed the investment cost and are regularly monitored by staff.

### Report

Investment balances as of December 31, 2019 by investment type and investment revenue earned, are as follows:

Type of Investment	Investment Cost Book Value Dec. 31, 2019	Average Rate of Return (excluding unrealized holding gains)	2019 Investment Revenue	Investment Fair Market Value Dec. 31, 2019
Bank Business Investment Account	\$ 490,219	1.9%	\$ 48,642	\$ 490,219
Bank 31 day Notice Plan	\$ 2,007,687	2.5%	\$ 11,804	\$ 2,007,687
GICs (Guaranteed Investment Certificates)	2,000,000	2.4%	95,139	2,033,584
One Investment - High Interest Savings	3,238,345	2.4%	123,642	3,238,345
One Investment - Universal Bond Fund	4,206,953	2.4%	98,608	4,237,704
One Investment - Equity Fund	499,998	0.0%	-	1,119,502
Subtotal	12,443,202	2.3%	377,835	13,127,041
Long-term Water Management System Fund	11,531,387	3.9%	439,117	12,522,664
Total	<b>\$ 23,974,589</b>		<b>\$ 816,952</b>	<b>\$ 25,649,706</b>

### Allocation of Investment Revenue

Investment earnings are allocated first to capital reserve funds in accordance with Conservation Halton's Budget Principles. Operating investment revenue is allocated between the Water Management & Support Service and Conservation Area programs on a proportional basis.

Staff recommend the allocation of the \$377,835 of investment revenue on the Conservation Halton reserve balances and operating funds for 2019 as outlined in the chart below. Consistent with prior years, investment revenue is allocated to capital reserves based on the average annual balance and the average annual rate of return being 2.3% for 2019.

Operating Fund or Capital Reserve	2019 Investment Revenue	2019 Budget	2018 Investment Revenue
Operating Fund			
Watershed Management & Support Services	\$ 127,155	\$ 52,000	\$ 45,076
Conservation Areas	116,680	55,000	38,472
Subtotal	243,835	107,000	83,548
Capital Reserves			
Vehicle, Equipment and Building	21,600	-	11,100
Building	9,700	-	2,500
Land Securement	500	-	700
Water Capital - Municipal	11,100	-	3,100
Water Capital - Self Generated	34,600	-	15,700
Conservation Areas - Capital	56,500	-	27,600
Subtotal	134,000	-	60,700
Total Investment Revenue	<b>\$ 377,835</b>	<b>\$ 107,000</b>	<b>\$ 144,248</b>

**2019 Investment Revenue**

In 2019, total investment revenue of \$816,952 was earned on a total investment of \$23,974,589 compared to total 2018 investment revenue of \$551,976 on investments totaling \$25,114,239.

Funds were invested throughout the year in accordance with the Conservation Halton Investment Policy in the following instruments:

- Bank Business Investment and Notice Plan Accounts
- Bank short term money market instruments such as G.I.C.'s, and
- One Investment High Interest Savings Account, Long Term Bond and Equity Pooled Funds.

Investments are segregated for the Water Management System Fund as required by the funding agreement with the funder.

Although Region of Halton staff are not able to invest funds on behalf of Conservation Halton, Halton Region staff do participate on the Water Management System Fund Investment Committee and assist with investment purchases recommended by the Investment Committee.

**One Investment - Pooled Funds**

In order to maximize return on investments, the One Investment program was created to pool together investment funds from multiple Ontario municipalities and eligible public sector investors. Investors such as Conservation Halton benefit from investing in actively managed and diversified investment portfolios, with investment management costs spread over a larger asset base.

The total market value at December 31, 2019 for the One Fund Universal Bond fund and the Equity fund was \$5,357,206 and exceeds the book value of \$4,706,951. Market values for these funds have declined at March 31, 2020 to \$5,153,427 as a result of COVID-19 related market fluctuations.

**Impact on Strategic Goals**

This report supports the Metamorphosis strategic theme of Striving for service excellence and efficiency. This theme is supported by the objective to provide clear financial data and analysis to support informed strategic and operational decision-making for budget development and long-term planning.

**Financial Impact**

The 2019 Budget was prepared conservatively as the amount of surplus funds are difficult to predict with anticipated capital project work. The allocation of investment revenue to the capital reserve balances provides reserve funding for future capital projects through self generated revenues rather than municipal funding.

Signed & respectfully submitted:



Marnie Piggot  
Director, Finance

Approved for circulation:



Hassaan Basit  
CAO/Secretary-Treasurer





Lawrence Wagner  
Senior Director, Corporate Services

**FOR QUESTIONS ON CONTENT:**

Marnie Piggot; Director Finance  
905-336-1158, ext. 2240; [mpiggot@hrca.on.ca](mailto:mpiggot@hrca.on.ca);

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO: #** CHBD 04 20 13

**FROM:** Marnie Piggot, Director, Finance

**DATE:** April 23, 2020

**SUBJECT:** **2019 Capital Projects**

---

### Recommendation

THAT the Conservation Halton Board of Directors **approve the closing of capital projects as identified in the staff report dated April 23, 2020.**

### Report

The attached Capital Project Summary Appendix provides an overview of the work carried out in 2019. The summary includes the budget, life to date costs and the budget amount remaining to be spent. The 2019 costs include work on projects carried over from prior year budgets. The summary also provides the funding sources for the projects and indicates if the capital project can be closed if completed or in a few instances being deferred for inclusion in a future budget.

Total 2019 capital project costs are \$9,721,027 and life to date costs for these capital projects are \$12,280,783. The life to date capital expenses of almost \$12.3 million is 79% of the total capital budget of \$15.64 million. Kelso Dam capital project life to date costs of \$7,882,829 make up 64% of the total capital costs.

The Kelso Dam capital project was substantially complete by December 31, 2019. This project was completed in two phases with the dewatering and groundwater mitigation completed by the end of March 2019 to meet provincial funding timelines. The second phase of the work related to the dam construction will be completed by the contractor in early 2020. The remaining Kelso Dam capital project costs are expected to be within the total budget unspent of \$482,171 and includes dam crest paving, disposal of material from the rehabilitation works and site restoration.

### Closing of Capital Projects

The capital projects recommended to be closed after 2019 are identified on the summary appendix and total almost \$922,000. These projects are being closed as they have been completed or are annual projects such as information technology infrastructure, vehicle and equipment replacements and Conservation Halton Foundation (Foundation) funded projects, where the capital project amount will be reconsidered during the annual budget process.

Dams and channels capital projects are generally funded 50% provincially through the Water and Erosion Control Infrastructure (WECI) program with the remaining 50% funded municipally through a transfer from the Watershed Management Capital reserve funded by the State of Good Repair Levy.

The dams and channels projects completed as of March 2019 to meet WECI funding requirements were approved to be closed in the April 30, 2019 Budget Variance Report.

Projects that did not receive WECI funding in 2019 were the Milton Channel Slab replacements, the Freeman Pond Assessment study and the Channel Naturalization study capital projects with total costs of \$330,927. The Channel Naturalization Study project budget of \$50,000 was approved to be closed in the July 31, 2019 Budget Variance Report until alternate funding sources can be identified. Staff are also considering alternate funding options for the Freeman Pond Assessment study. The Milton Channel Slab replacement has been included again in the 2020-2021 WECI grant application submission.

Conservation Area capital projects are primarily funded by a transfer from the Conservation Areas Capital reserve. Conservation Area capital projects totaling almost \$750,000 were deferred during the year as a result of the Kelso/Glen Eden fuel spill remediation costs. These capital projects will be reconsidered at a later date.

### **Municipal Debt Financing**

Kelso Dam capital project costs in 2019 of \$6,745,197 are being funded 50% by \$3,372,598 of municipal debt financing through Halton Region. This amount is within the approved capital project budget amounts to be debt financed. The remainder of this capital project costs are funded by provincial capital funding and National Disaster Mitigation Program funding of \$1,500,000.

Debt financing incurred is repaid to Halton Region over a ten-year period and thirty years for the Kelso Dam capital project, including interest at 3.2% for 2019. Annual debt financing charges are included in the Conservation Halton operating budget. The municipal debt financing balance including the debt financing received in 2020 related to 2019 costs is \$5,261,818.


### **Impact on Strategic Goals**

This report supports the Metamorphosis strategic theme of Striving for service excellence and efficiency. This theme is supported by the objective to provide clear financial data and analysis to support informed strategic and operational decision-making for budget development and long-term planning.

### **Financial Impact**

The report outlines the capital project work completed in 2019. The capital projects costs were within the funding available approved in 2019 and prior year budgets.

Signed & respectfully submitted:

  
Marnie Piggot  
Director, Finance  
Lawrence Wagner

Approved for circulation:

  
Hassaan Basit  
CAO/Secretary-Treasurer

Senior Director, Corporate Services

**FOR QUESTIONS ON CONTENT:** Marnie Piggot; Director Finance  
905-336-1158, ext. 2240; [mpiggot@hrca.on.ca](mailto:mpiggot@hrca.on.ca)

**CONSERVATION HALTON  
CAPITAL PROJECT SUMMARY APPENDIX  
FOR THE YEAR ENDED DECEMBER 31, 2019**

Capital Project Description	Budget Prior Years	2019 Budget & Project Increase	Total Capital Budget	Prior Years Capital Costs	2019 Capital Costs	Life to Date Capital Costs	Budget Unspent	Project to be Closed	Capital Project Funding
<b>Watershed Management &amp; Support Services (WMSS)</b>									
Kelso Dam - Rehabilitation Repairs	\$8,365,000		\$8,365,000	\$1,137,632	\$6,745,197	\$7,882,829	\$482,171		NDMP; MNRF; Mun. Debt Fin.
Kelso Dam - 10" bypass valve	\$40,500		40,500	\$10,458	32,479	42,937	(2,437)	Closed Jun.2019	50% MNRF; 50% Reserve
Kelso Dam - 10 ft lift gates & sluice gate	\$79,000		79,000	\$56,204	67,578	123,782	(44,782)	Closed Jun.2019	50% MNRF; 50% Reserve
Mountsberg Piezometers	\$73,500		73,500	\$3,600	54,370	57,970	15,530	Closed Jun.2019	50% MNRF; 50% Reserve
Hilton Falls Diversion - Design, Tender Spec. & Permitting	\$58,000		58,000	\$8,569	40,715	49,284	8,716	Closed Jun.2019	50% MNRF; 50% Reserve
Scotch Block updated DSR	\$104,000		104,000	\$51,359	46,329	97,688	6,312	Closed Jun.2019	50% MNRF; 50% Reserve
Dam public safety assessment	\$69,000		69,000	\$52,125		52,125	16,875	Closed Jun.2019	50% MNRF; 50% Reserve
Hilton Falls Dam Diversion Construction & Road Upgrade		90,000	90,000		21,732	21,732	68,268		50% MNRF; 50% Reserve
Public Safety Plan Implementation		72,000	72,000		13,187	13,187	58,813		50% MNRF; 50% Reserve
Milton Channel Repairs		255,927	255,927			-	255,927		50% MNRF; 50% Reserve
Channel Naturalization Study		-	-			-	-	Closed Sep.2019	50% Other; 50% Reserve
Freeman Pond Flood Attenuation Assessment		25,000	25,000			-	25,000		50% MNRF; 50% Reserve
Asset Management Plan	\$100,000		100,000	\$34,070	25,150	59,220	40,780		Reserve; Municipal
Emerald Ash Borer 2019	\$0	1,154,000	1,154,000	\$0	1,088,061	1,088,061	65,939		Municipal - EAB; Lumber sales
Flood Forecasting & Warning	\$52,541	115,000	167,541	\$0	93,006	93,006	74,535		Municipal
Floodplain Mapping - 2018	\$466,626		466,626	\$184,832	210,597	395,429	71,197		50% Federal NDMP; 50% Municipal
Floodplain Mapping - 2019		466,626	466,626	\$0	278,006	278,006	188,620		50% Federal NDMP; 50% Municipal
Integrated Watershed Mgmt Plan/ Municipal Natural Assets Initiative	\$25,000		25,000	\$10,000	8,500	18,500	6,500		Municipal
Integrated Watershed Database Management System	\$75,000		75,000	\$31,731	-	31,731	43,269		Municipal
Administration Office Renovations	\$0	129,000	129,000	\$0	44,042	44,042	84,958		Building Reserve
Administration Office - State of Good Repair (budget incl. above)		21,000	21,000		20,660	20,660	340	Close	Building Reserve - SOGR
Kelso Quarry Building Upgrades	\$0	60,000	60,000	\$0	40,048	40,048	19,952	Close	Building Reserve - SOGR
Information Technology & Digital Transformation - WMSS	\$27,113	238,700	265,813	\$0	85,165	85,165	180,648		Municipal
Payroll System Upgrade		89,500	89,500	\$0	69,736	69,736	19,764		Municipal; Reserves
Great Plains project module	\$35,000		35,000	\$0		-	35,000		Municipal
Ortho Imagery	\$0	60,000	60,000	\$0	10,446	10,446	49,554		Municipal
Program rates & fees review	\$60,000		60,000	\$51,627	7,411	59,038	962		Municipal
Vehicle and Equipment Replacements- WMSS	\$0	200,212	200,212	\$0	173,306	173,306	26,906	Close	Reserve
Forest/Land Management	\$73,689		73,689	\$60,689		60,689	13,000		Deferred Municipal Revenue
Giant's Rib Geopark	\$0	100,000	100,000	\$0		-	100,000		Other funding
Glenorchy	\$0	15,151	15,151	\$0		-	15,151		Other \$12,700, Reserve \$2,451
Speyside Weir Removal	\$31,500		31,500	\$0		-	31,500		Reserve
<b>Conservation Areas Facility &amp; Infrastructure:</b>									
Kelso/Glen Eden/Parks - Master Plan	\$115,000	25,000	140,000	\$82,861	15,498	98,358	41,642		Reserve
Kelso/Glen Eden - Water/Wastewater Servicing	\$579,035	125,000	704,035	\$551,236	70,904	622,140	81,895		Reserve, Dev. Contr'n funding
Kelso/Glen Eden - Ski/Snowboarding Capital Expenditures	\$0	400,000	400,000	\$0	61,399	61,399	338,601	Close	Reserve
Facility and Infrastructure Major Maintenance	\$0	560,000	560,000	\$0	121,675	121,675	438,325	Close \$418,325	Reserve
Crawford Lake - Longhouses roof/floor replacement	\$90,000		90,000	\$73,389	24,129	97,518	(7,518)	Close	Reserve
Mountsberg - Playground/barn	\$50,000		50,000	\$7,158		7,158	42,843	Close	Reserve
Kelso & Crawford Lake Visitor Centres - Dev. Contr'n Works	\$0	375,000	375,000	\$0	51,893	51,893	323,107		Dev. Contribution funding
Foundation Funded Capital Projects	\$0	100,000	100,000	\$0		-	100,000	Close	CH Foundation
Information Technology Infrastructure - Conservation Areas	\$0	51,000	51,000	\$0	49,724	49,724	1,276	Close	Reserve
PCI Compliance	\$235,000		235,000	\$161,215	13,792	175,007	59,993		Reserve 95%; Municipal 5%
Vehicle and Equipment replacements - Conservation Areas	\$0	108,500	108,500		127,294	127,294	(18,794)	Close	Reserve
<b>Total Capital Projects</b>	<b>\$10,804,504</b>	<b>\$4,836,616</b>	<b>\$15,641,120</b>	<b>\$2,568,755</b>	<b>\$9,712,027</b>	<b>\$12,280,783</b>	<b>\$3,360,337</b>		

**REPORT TO:** Conservation Halton Board of Directors

**REPORT NO:** CHBD 04 20 14

**FROM:** Barbara J. Veale, Director, Planning and Watershed Management

**DATE:** April 23, 2020

**SUBJECT:** **Policy Repeal and Modification – Policy 4.2.5 Spills**  
**Conservation Halton Policies and Guidelines for the Administration of**  
**Ontario Regulation 162/06 and Land Use Planning Policy Document**  
**(April 27, 2006 as amended February 25, 2016)**  
**CH File No.: ADM 343**

---

## Recommendation

THAT the Conservation Halton Board of Directors **repeals the existing Policy 4.2.5 contained in “Conservation Halton Policies and Guidelines for the Administration of Ontario Regulation 162/06 and Land Use Planning Policy Document (April 27, 2006 as amended February 25, 2016)” and approves a new interim Policy 4.2.5 which outlines a general policy approach for dealing with proposed development within spill areas.**

## Report

There are several areas within Conservation Halton’s watershed in which flood plain spills occur. Spill areas are locations where flood waters may leave the flood plain of a watercourse and “spill” into surrounding lands, rejoining the watercourse at a distance downstream or moving into another watershed. In the past, it was not possible to map and thus regulate spills because available technology could not accurately determine where the water would flow and at what speed and depth. With new tools and technologies, spill areas can be more accurately defined. Spills are considered flood hazards/hazard lands and permission is required from CH to develop or redevelop in these areas.

In 2006, the following policy was approved by the CH Board of Directors:

- 4.2.5 There are several areas within Conservation Halton’s watershed in which flood plain spills occur. Spill areas are locations where hydraulic modeling and mapping of the flooding hazards indicates that flood waters may leave the flood plain and “spill” into surrounding lands that are outside of the regulated flooding hazard limits. Generally, the depth of flooding cannot be precisely/readily determined as the flood depths that may occur depend on a number of factors such as the local (and downgradient) topography and storage volume as well as the amount of spill flow that would occur. Typically spills would occur only during the higher flow rates of the storm and hence the volume and depth of flood water is dependent also on the duration of the storm and the foregoing factors. Conservation Halton does not regulate development in spill areas in the same manner as development within flood plain areas, as these areas are not readily defined and the storage/flow that occurs in these areas is not



considered as part of the natural flood plain, hence preservation of flood storage is not required.

Where spill locations can be identified; while not subject to Ontario Regulation 162/06, Conservation Halton would review any Environmental Assessment or land use application under the Planning Act, Niagara Escarpment Plan, Parkway Belt West Plan or Building Code so that the possible flood hazards can be assessed and appropriate mitigation can be established as part of the Municipal/Conservation Authority review process. Mitigation for development proposed within a spill area could include: a) Raising the elevation of proposed buildings or structures above the anticipated flood level; and/or, b) Raising the lands within the spill location to prevent its occurrence.

Given that the nature and extent of spills are now being characterized through CH's new floodplain mapping program and other technical studies, it is CH staff's opinion that it would be prudent to repeal Policy 4.2.5 immediately and replace it with a policy statement that provides a general policy approach describing how CH will address defined spill areas in the near future. This would be an interim policy until such time as the spill is mitigated, new provincial regulations or direction on spills is issued, or new CH spill policies are approved by the CH Board of Directors, after consultation with municipalities and the public.

It is recommended that the existing Policy 4.2.5 be repealed and replaced with the following interim policy:

- 4.2.5 Development and redevelopment in spill areas will be considered on a case-by-case basis. Permission may only be granted where the site is subject to low risk and, where appropriate, mitigation measures can be implemented to reduce potential impacts to the satisfaction of Conservation Halton (e.g., flood proofing).

### Impact on Strategic Goals

This report supports the Metamorphosis strategic theme of taking care of our growing communities. The theme is supported by the objective to remain dedicated to ecosystem-based watershed planning that contributes to the development of sustainable rural, urban and suburban communities.

### Financial Impact

There is no financial impact to this report.

Signed & respectfully submitted:



Barbara J. Veale,  
Director, Planning and Watershed Management

Approved for circulation:



Hassaan Basit  
CAO/Secretary-Treasurer

**FOR QUESTIONS ON CONTENT:** Barbara Veale, Director, Planning and Watershed Management,  
905-336-1158 x2273, [bveale@hrca.on.ca](mailto:bveale@hrca.on.ca)