

Conservation Halton Board of Directors Meeting - 03 22

Zoom Webinar:

<https://us02web.zoom.us/j/88581952359?pwd=NVBzdDlydzlSQ0VGK0E3d0Y1ZWwQT09> Passcode:
090582



Start: Thursday, March 24, 2022 - 1:00pm

End: Thursday, March 24, 2022 - 4:00pm

-
1. Roll Call
 2. Disclosure of Pecuniary Interest for Conservation Halton Board of Directors
 3. Acceptance of Agenda
 4. CEO Verbal Update
 5. Consent Items

5.1. Approval of Conservation Halton Board of Directors DRAFT Meeting Minutes - February 17, 2022



Conservation Halton Board of Directors DRAFT Meeting Minutes - February 17, 2022

5.2. Approval of Conservation Halton Board of Directors DRAFT Inaugural Meeting Minutes - February 17, 2022



Conservation Halton Board of Directors DRAFT Inaugural Meeting Minutes - February 17, 2022

5.3. HHRAP Science Day Workshops Key Messages (CHBD 03 22 01)



HHRAP Science Day Workshops Key Messages (CHBD 03 22 01)

5.4. Joe Sams Park Stewardship Action Plan (CHBD 03 22 02)



Joe Sams Park Habitat Enhancement Project (CHBD 03 22 02)



Appendix A - Joe Sams Park Habitat Enhancement Project (CHBD 03 22 02)

6. Action Items

6.1. Conservation Halton Workplan for Developing Procedures for Assessing Impacts to Wetlands (CHBD 03 22 03)



Conservation Halton Workplan for Developing Procedures for Assessing Impacts to Wetlands (CHBD 03 22 03)

6.2. Site-specific principles for the redevelopment of 3228 South Service Road West, Town of Oakville CH File No. A/22/O/16 (CHBD 03 22 04)



Site-specific principles for the redevelopment of 3228 South Service Road West, Town of Oakville (CHBD 03 22 04)

6.3. 2021 Year End Budget Variance Report (CHBD 03 22 05)



2021 Year end Budget Variance Report - Operating (CHBD 03 22 05)



Appendix B - 2021 Year end Budget Variance Report Financial Appendix

6.4. 2021 Investments and Investment Revenue (CHBD 03 22 06)



2021 Investments and Investment Revenue (CHBD 03 22 06)

6.5. 2021 Conservation Halton Reserves Policy update (CHBD 03 22 07)



Conservation Halton Reserves Policy Update (CHBD 03 22 07)



Appendix C - Conservation Halton Reserves Policy rev. March 24, 2022

6.6. 2021 Year End Capital Projects Update (CHBD 03 22 08)



2021 Year end Capital Projects Update (CHBD 03 22 08)



Appendix D - 2021 Capital Project Summary Financial Appendix

7. CHF Update - Jim Sweetlove

8. Other Business

9. IN CAMERA

9.1. Legal Matter (CHBD 03 22 09)

9.2. Legal Matter - Verbal Update

10. Adjournment

MEETING NO: # Conservation Halton Board of Directors Meeting # 01 22

MINUTES

A meeting of the Conservation Halton Board of Directors was held on Thursday, February 17 at 1:00 p.m. via Zoom Webinar.

Members Present:

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

Absent with regrets:

Rob Burton

Absent:

Hamza Ansari
Rick Di Lorenzo
Steve Gilmour
Zobia Jawed

Guests:

Amee Sandhu, Principal Lawyer & Founder, Lex Integra Professional Corporation

Conservation Halton Foundation Board Members:

Suzanne Bevan, George Caines, Don Ford, Galen Naidoo Harris, Madhav Murti, Catherine Mulvale, Mavis Shang, Bryden Tait, Ed Wells

Staff present

Kim Barrett, Associate Director, Science & Partnerships
Hassaan Basit, President & CEO/Secretary-Treasurer
Adriana Birza, Manager, Office of the President & CEO
Garner Beckett, Executive Director, Conservation Halton Foundation
Niamh Buckley, Administrative Assistant, Office of the President & CEO
Shelly Datseris, Manager, Communications & Marketing
Glenn Farmer, Manager, Flood Forecasting Operations
Craig Machan, Director, Park Operations
Kellie McCormack, Director, Planning & Regulations

Marnie Piggot, Director, Finance
Plezzie Ramirez, Director, Human Resources
Jill Ramseyer, Director, Corporate Compliance
Barb Veale, Senior Director, Watershed Strategies & Climate Change
Mark Vytvytskyy, COO
Justin Wei, Senior Manager, Finance

The Chair called the meeting to order at 1:05 p.m.

1. Roll Call

2. Disclosure of Pecuniary Interest for Conservation Halton Board of Directors

3. Acceptance of Agenda

CHBD 01 01 Moved By: Cathy Duddeck
Seconded By: Jean Williams

THAT the Agenda **be approved as distributed**

Carried

4. Presentations

- 5.1. Conservation Halton Flood Watch Update – Glenn Farmer, Manager, Flood Forecasting Operations
- 5.2 Ethics Training - Amee Sandhu, Principal Lawyer & Founder, Lex Integra
- 5.2. Momentum Dashboard - Mark Vytvytskyy, COO
- 5.3. Conservation Halton's CA Act Transition Plan: Programs & Services Inventory (Report #: 7.1 CHBD 01 22 04) - Hassaan Basit, President & CEO

5. CEO Verbal Update

The CEO provided the following update:

- CH is introducing a Communications Portal that will share information and updates on CH events, announcements, editorials etc. The Board will be able to access this portal and share relevant information across their social networks.

Customer Service:

- Glen Eden had over 150,553 skiers since it opened in December 27, 2021;
- Parks had over 40,000 visitors since January;
- Winterlit – 16,500 visits and 1 wedding proposal;
- New for 2022 – Enchanted Evenings with live music, local vendors, local food; new exhibits and lighting – Illuminated Entryway Arch, Magical Woodland, Sweet Stroll
- Water Festival has received funding for 5000 children to take part in virtual programming for 2022. Will be offered in spring and fall.

- First Tracks, a new program introduced by CH which invites new Canadians to experience winter activities. Program was sold out immediately with over 280 participants. Thanks to Scotia Rise (Bank) for funding 250 spaces.

Financial:

- CH Finance staff meeting with Halton Region Finance staff on P&S Inventory February 23, 2022
- Recent Grant and Funding Approvals (to Feb 14) - \$2M+ in recent approvals for annual and multi-year projects

Province appointed Agricultural Representative:

- As part of changes to the Conservation Authorities Act in 2020 by the provincial government, Conservation Authorities across Ontario will have an official representative from their local agricultural sector appointed to their Board of Directors. These individuals will be chosen by the Ministry of Environment, Conservation and Parks, to “increase agricultural sector perspectives in authority operations,” This role has been posted to the Government website. The CEO has reached out to the agricultural sector, including OFA members in the area to advise them of the opportunity to join the CH Board.

6. Consent Items

- 6.1. Approval of Conservation Halton Board of Directors DRAFT Meeting Minutes – November 25, 2021
- 6.2. Purchasing Activity Memo - November 1, 2021 to January 31, 2022 (CHBD 01 22 01)
- 6.3. Status of Conservation Halton's Spill Policy Review and Update Work Plan (CHBD 01 22 02)
- 6.4. Permits & Letters of Permission issued under Ontario Regulation 162/06 from October 1 to December 31, 2021 (CHBD 01 22 03)
- 6.5. Source Water Protection consultation update (HRSPA 01 22 01)

The Consent Items **were adopted.**

7.0 Action Items

- 7.1 Conservation Halton Programs & Services Inventory Report (CHBD 01 22 04)

CHBD 01 02

Moved by: Jim Sweetlove
Seconded by: Marianne Meed Ward

THAT the Conservation Halton Board of Directors **approves the “Conservation Halton Programs & Services Inventory” and that it be submitted to the Province and circulated to all participating municipalities.**

Carried

- 7.2 Re-construction, expansion, and relocation of a dwelling within 7.5 metres of the floodplain associated with McCraney Creek, 261 Glen Oak Drive, Town of Oakville, Regional Municipality of Halton/CH File No. A/21/O/114 (CHBD 01 22 05)

CHBD 01 03

Moved by: Moya Johnson
Seconded by: Dave Gittings

THAT the Conservation Halton Board of Directors **receives staff report # CHBD 01 22 05 related to proposed development at 261 Glen Oak Drive, Town of Oakville, Regional Municipality of Halton;**

And

THAT the Conservation Halton Board of Directors **approves the issuance of a permit for the construction of a new dwelling within 7.5 metres of the floodplain associated with McCraney Creek, 261 Glen Oak Drive, Town of Oakville, Regional Municipality of Halton (CH File No. A/21/O/114).**

- 7.3 Conservation Halton Land Use Planning Policy Review and Update Work (CHBD 01 22 06)

CHBD 01 04

Moved by: Zeeshan Hamid
Seconded by: Allan Elgar

THAT the Conservation Halton Board of Directors **approves the Conservation Halton Land Use Planning Policy Review and Update Work Plan.**

Carried

- 7.4 Temporary Reappointment of Foundation Board Members term (CHBD 01 22 07)

CHBD 01 05

Moved by: Gordon Krantz
Seconded by: Jean Williams

THAT the Conservation Halton Board of Directors **approves the temporary reappointment of the following Board members to the Conservation Halton Foundation Board of Directors until the Annual General Meeting (AGM) on April 6, 2022.**

- **Bill Mann**
- **Mavis Shang**
- **Madhav Murti**

Carried

8. CHF Chair Update (Jim Sweetlove)

Jim Sweetlove shared the following Foundation update:

- DRAFT Financial Statements for year ended December 31, 2021, were shared with Foundation Board Members at their meeting on February 2, 2021.
- The Foundation adopted an updated Halton Region Conservation Foundation Administrative By-law No. 6 (rev. February 2, 2022) which brings the by-law in line with the changes to the Corporations Act introduced in 2021.
- The Board adopted an Annual Board Self-Assessment Framework and a Board Fundraising Goals Assessment.

9. Other Business

There was **NO** other business

Prior to moving in Camera, the Chair asked for a 15-minute recess at 2:50 p.m. The Board will reconvene In Camera and the Inaugural Meeting will start immediately after this. Members of the public will be invited to rejoin the meeting at this point.

10. IN CAMERA

CHBD 01 06

Moved by: Jean Williams
Seconded by: Moya Johnson

THAT the Conservation Halton Board of Directors **move In Camera**.

10.1 Legal Matter (CHBD 01 22 08)

10.2 Legal Matter (CHBD 01 22 09)

CHBD 01 07

Moved by: Jean Williams
Seconded by: Moya Johnson

THAT the Conservation Halton Board of Directors **reconvene in public forum**.

11. Adjournment

CHBD 01 06

Moved by: Rory Nisan

THAT The Conservation Halton Board of Directors meeting **be adjourned at 3:06 p.m.**

Carried

Signed by: Hassaan Basit, President & CEO/Secretary-Treasurer

Date: March 24, 2022

MEETING NO: # Conservation Halton Board of Directors Inaugural Meeting 02 22

MINUTES

The Conservation Halton Board of Directors Inaugural Meeting was held on Thursday, February 17 at 1:00 p.m. Via Zoom Webinar.

Members Present:

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

Absent with regrets:

Rob Burton

Absent:

Hamza Ansari
Rick Di Lorenzo
Steve Gilmour
Zobia Jawed

Staff present

Kim Barrett, Associate Director, Science & Partnerships
Hassaan Basit, President & CEO
Garner Beckett, Executive Director, CH Foundation
Adriana Birza, Manager, Office of the President & CEO
Niamh Buckley, Administrative Assistant, Office of the President & CEO
Shelly Datseris, Manager, Marketing & Communications
Craig Machan, Director, Park Operations
Kellie McCormack, Director, Planning & Regulations
Marnie Piggot, Director, Finance
Plezzie Ramirez, Director, Human Resources
Jill Ramseyer, Director, Corporate Compliance
Barb Veale, Senior Director, Watershed Strategies & Climate Change
Mark Vytvytskyy, COO

Chair Gerry Smallegange called the meeting to order at 3:06 p.m.

1. Acceptance of Agenda as distributed

CHBD 02 01 Moved by: Allan Elgar
Seconded by: Dave Gittings

THAT the Conservation Halton Board of Directors **accepts the agenda as distributed.**

Carried

2. Disclosure of Pecuniary Interest for Board of Directors

There were **NONE.**

3. Consent Items

3.1. Roll Call - Induction of Board Members for 2022

Date of Term to expire in **February 2023 as per the Conservation Authorities Act.**

(4.1) A member shall be appointed for a term of up to four years, as may be determined by the council that appoints the member. 2017, c. 23, Sched. 4, s. 12 (2).0 or until a successor is appointed.

3.2 Conservation Halton Board Advisory Committees Membership 2022 (CHBD 02 22 01)

The consent items were **adopted.**

4. Action Items

The Chair and Vice Chair of the Conservation Halton Board of Directors will also be the Chair and Vice Chair of the Halton-Hamilton Region Source Protection Authority.

The CEO/Secretary-Treasurer assumed the role of the Chair.

The CEO/Secretary-Treasurer advised that the Elections would be conducted in accordance with Section 10 of the Conservation Authorities Act.

Only current members of the Authority may vote.

4.1.1 The CEO/Secretary-Treasurer called for a motion to **appoint Election Scrutineers to count the ballots for the election of Chair and Vice Chair.**

CHBD 02 02 Moved by: Mike Cluett
Seconded by: Allan Elgar

THAT Adriana Birza and Niamh Buckley be **appointed as scrutineers in the event of an election and that all ballots be destroyed by the scrutineers afterwards.**

Carried

4.1.2. The CEO/Secretary-Treasurer called for nominations for the position of Chair Of Conservation Halton Board of Directors for 2022.

It was Moved by Gord Krantz that Gerry Smallegange be nominated for the position of Chair to Conservation Halton Board of Directors for 2022.

The CEO/Secretary-Treasurer called for nominations for a second time. There were no nominations.

The CEO/Secretary-Treasurer called for nominations for a third time. There were no nominations.

The CEO/Secretary-Treasurer called for a motion to close nominations for the position of Chair of Conservation Halton Board of Directors for 2022.

CHBD 02 03 Moved by: Cathy Duddeck
Seconded by: Allan Elgar

THAT nominations be **closed for the position of Chair of Conservation Halton Board of Directors for 2022.**

Carried

Gerry Smallegange confirmed he would allow his name to stand and thanked all present.

The CEO declared Gerry Smallegange, by acclamation, to the position of Chair, Conservation Halton Board of Directors 2022.

4.1.3 The CEO/Secretary-Treasurer called for nominations for the position of Vice Chair of Conservation Halton Board of Directors for 2022.

It was Moved by Gerry Smallegange that Moya Johnson be nominated for the position of Vice Chair for Conservation Halton Board of Directors for 2022.

The CEO/Secretary-Treasurer called for nominations for a second time. There were no nominations.

The CEO/Secretary-Treasurer called for nominations for a third time. There were no nominations.

The CEO/Secretary-Treasurer called for a motion to close nominations for the position of Vice Chair of Conservation Halton Board of Directors for 2022.

CHBD 02 04 Moved by: Cathy Duddeck

Seconded by: Jean Williams

THAT nominations be **closed for the position of Vice Chair of Conservation Halton Board of Directors for 2022.**

Carried

Moya Johnson confirmed she would allow her name to stand and thanked all present.

The CEO declared Moya Johnson by acclamation, to the position of Vice Chair, Conservation Halton Board of Directors 2022.

5. Other Business

There was **NO** other business.

6. Adjournment

CHDB 02 05

Moved by: Marianne Meed Ward

THAT the Inaugural meeting of the Conservation Halton Board of Directors **be adjourned at 3:15 p.m.**

Carried

Signed: Hassaan Basit, President & CEO/Secretary-Treasurer

Date: March 24, 2022

TO: Conservation Halton Board of Directors

MEMO NO: CHBD 03 21 01

FROM: Barbara J. Veale, Senior Director, Watershed Strategies and Climate Change

DATE: March 24, 2022

SUBJECT: Hamilton Harbour Remedial Action Plan Science Days

MEMO

Hamilton Harbour Remedial Action Plan (HHRAP) staff hosted a series of workshops to share new Hamilton Harbour science with internal stakeholders. The sessions, hosted since 2001, are not open to the public because unpublished information is shared. This encourages open discussions about ideas and challenges of restoring the ecosystem in Hamilton Harbour and its watershed.

Presenters and participants included representatives from Conservation Halton, Hamilton Conservation Authority, City of Hamilton, Royal Botanical Gardens, Bay Area Restoration Council, Redeemer University, McMaster University, Fisheries and Oceans Canada, Environment and Climate Change Canada, Ministry of Environment, Conservation and Parks, Hamilton-Oshawa Port Authority, and others.

The agendas for the workshops were as follows:

February 4- Watershed and Windermere

- 62 in attendance
- Water Quality Monitoring of the Chedoke Creek and Red Hill Creek Watersheds
- Status Update of the RAP Delisting Targets for Cootes Paradise and Grindstone Marsh
- 2021 Water Quality of the Grindstone Creek and Indian Creek Watersheds
- Invasive Species Management in Windermere Wetland
- Carbon Sink in Plantation Forests in the Great Lakes Region
- Community Engagement Towards Implementation of the Hamilton Harbour Remedial Action Plan
- Dissolved Oxygen and Temperature Monitoring Update for Cootes, Grindstone, Windermere, and Reference Areas



The poster features a landscape image of a lake and forest with a stylized atomic symbol overlaid. The text on the poster reads:

**HAMILTON HARBOUR
REMEDIAL ACTION PLAN**

2022 SCIENCE DAYS

A series of three virtual workshops to share new Hamilton Harbour science with internal stakeholders.

February 4 9 am - 12 pm
February 11 9 am - 12 pm
February 25 9 am - 12 pm

**REGISTER AS A
SPEAKER BY DEC 15!**

Email mmcintosh@hrca.on.ca

Pre-recorded presentations are welcome!

 **HAMILTON
HARBOUR**
REMEDIAL ACTION PLAN

February 11- Fish and Wildlife

- 63 in attendance
- Are Fish Attracted to Wastewater? The Impacts of Wastewater Effluent on Fish Communities in Summer and Winter
- Walleye Spawning Behaviour and Habitat
- DFO Nearshore Fish Community Update: 2021
- Habitat Use of Acoustic Telemetry Tagged Fish Informs Fish and Fish Habitat Management in Hamilton Harbour
- Storm-Water Ponds in the Hamilton Harbour Watershed
- Hamilton Harbour Nearshore Fish Community Assessment: Indices of Ecosystem Health
- Phytoplankton and Primary Productivity Trends in Hamilton Harbour: 2002 to 2019
- Assessment of Plankton Food Resources for Forage Fish Populations in Hamilton Harbour
- Up-Take and Away: A High-Resolution Temporal Analysis of a Great Lakes Ballast Load Port

February 25- Water Quality

- 69 in attendance
- Woodward Wastewater Treatment Plant 2021 Performance and Capital Improvement Update
- Real-time Monitoring of Combined Sewer Overflow Using a Novel Microbial Sensor
- City of Hamilton's DRAFT Surface Water Quality Program
- Hamilton Harbour Water Quality 2021
- Phosphorus Loading from Sediments in Eutrophic Hamilton Harbour, Lake Ontario, Canada: Internal and External Triggers
- Development of a Coupled Physical and Biochemical Model for Hamilton Harbour: Multi-Year Simulations and Under Ice Dynamics
- An Assessment of The Impairment Status of Areas of Concern in The Laurentian Great Lakes:
- How Far Are We from Delisting The Hamilton Harbour, Lake Ontario, Canada?

Key takeaways from the workshops included:

- Although 2021 saw some delays in research and monitoring programs, most were able to collect valuable and meaningful data; unlike 2020 with some agencies collecting no data due to COVID-19.
- Investments in new field equipment technologies, computer models, and improved data analysis methods continue to spark interest across all fields of study.
- Fish population numbers remain low, but a Status Assessment led by DFO over 2022/2023 will dive into years of data to tease out the story. Conservation Halton ecology staff will participate in this multi-agency assessment.
- The City of Hamilton's wastewater treatment upgrade to tertiary is nearing completion. This important investment has local scientists eager to see how this improved effluent will change the dynamics in water quality, bottom sediment, and fish/wildlife data over the next few years.
- It will be important to manage expectations as the environment takes time to respond to actions demonstrate improvements for a science perspective.

TO: Conservation Halton Board of Directors

MEMO NO.: # CHBD 03 21 02

FROM: Barbara J. Veale, Senior Director, Watershed Strategies & Climate Change

DATE: March 24, 2022

SUBJECT: Joe Sams Park Habitat Enhancement Project

MEMO

Building on the development of a Restoration Action Plan in 2020, Conservation Halton's Landowner Outreach and Restoration team implemented habitat enhancement projects throughout 2021 in Joe Sams Park, which is owned by the City of Hamilton and located just north of Waterdown. The work was made possible through several key partnerships and funders and will extend into 2022 as our team continues to carry out important work at the site.

Joe Sams Park is a mixed use near-urban park with extensive natural areas, including Provincially Significant Wetlands, woodlands, and a reach of Grindstone Creek. Despite having significant ecological features, several areas of the park present opportunities to improve habitat conditions, restore natural form and function to Grindstone Creek, support learning opportunities for post-secondary students and provide volunteer opportunities for community members.

Summary Notes

Outcomes

- 98 volunteers involved
- 1,660 trees and shrubs planted
- 70 m² of creek bank bioengineered
- 1 online pond bypassed

Funders

- Imperial Oil Canada
- TD Friends of the Environment
- Government of Canada

Partners

- City of Hamilton
- Niagara College Canada
- Waterdown Lions Club
- Aviva Insurance
- Tree Canada
- Hamilton Harbour Remedial Action Plan

Additional information is provided in the attached 2021 Joe Sams Park Project Update.

2021 Project Update

Joe Sams Park Habitat Enhancement

PROJECT BACKGROUND

In collaboration with the City of Hamilton, and with help from various partners, Conservation Halton's Landowner Outreach and Restoration (LOR) team is increasing native plant biodiversity, enhancing wildlife habitat, and restoring the natural form and function of Grindstone Creek in Joe Sams Leisure Park.

2021 HIGHLIGHTS

In the winter of 2021, LOR teamed up with students at Niagara College to produce a report on Riparian Invasive Management. This prioritized efforts to remove invasive plants in the floodplains and naturalization zones. The students helped to secure a TD Friends of the Environment Foundation grant to remove woody invasive plants in the floodplain and replace these with native trees and shrubs.

While collecting data, the Niagara College students noticed beaver activity and were given permission to install two wildlife cameras at the creek. At least one beaver is hard at work taking out aspens this fall.



This spring, Conservation Halton partnered with the Waterdown Lions Club, whose members are looking to contribute to habitat enhancement projects in their community. They joined Conservation Halton for two workdays to plant 500 trees and shrubs in the floodplain. With additional restoration work planned for 2022 and beyond, Conservation Halton is keen to continue the partnership to draw community members to Joe Sams Park where they can learn about and participate in ongoing habitat enhancement projects.



LOCATION

Joe Sams Leisure Park
752 Centre Road
Waterdown, ON

TIMELINE

- **Pre 1950s:** The park was historically used agriculturally
- **1998:** The former Town of Flamborough develops Master Plan for the park
- **2000:** Joe Sams Leisure Park is officially established
- **2008:** City of Hamilton develops Master Plan for the park.
- **2020:** Conservation Halton partners with the City of Hamilton and begins work. A Restoration Action Plan is developed.
- **2021:** Restoration continues with plantings, creek repair, and the development of an Invasives Management Plan.

2021 IN NUMBERS

- 98 volunteers engaged in ecosystem restoration
- 4 partners assisted with workdays: Aviva, Imperial, Tree Canada, and the Waterdown Lions Club
- 1,660 native trees and shrubs planted throughout the park over 6 planting workdays
- 3 creek rehabilitation workdays
- 70 m² of bank fortified with over 100 recycled Christmas trees, live stakes, and fascines
- 3 invasive plant management workdays
- Over \$40,000 secured in grant funding

Featured Project: Creek Restoration

In November, LOR staff reinforced an eroding bank and removed an online pond in Grindstone Creek. A passive approach to creek rehabilitation was taken and bioengineering techniques were employed using Christmas trees, live stakes, and fascines. Christmas trees have a three-fold benefit by acting as a protective barrier from water and wind, trapping sediment to build back the bank, and preventing sediment from washing downstream. The fascines and live stakes will sprout roots and leaves simultaneously stabilizing the bank and providing shade to the creek.



LOR staff installing fascines with live stakes.



A horizontal line of trees was installed with earth anchors to create roughness and slow water velocity at the eroding bank. Fascines made of native willow and dogwood were secured with live stakes, and a row of tightly packed trees was installed vertically and secured with earth anchors above the fascines. [Click here](#) to watch a short video highlighting this restoration project.



Accelerated erosion on creek bank before bioengineering work.



Christmas trees lining the high bank after bioengineering work complete.

A different bioengineering approach with Christmas trees, wooden stakes, and twine was used to remove an online pond. Over time, the mat will fill in with sediment, creating a permanent barrier and preventing warm water, algae, and debris from mixing into the creek. The pond will evolve into a floodplain wetland and provide essential habitat for frogs and salamanders. Work will continue in 2022 to narrow this reach of Grindstone Creek through the park and to plant native species to rehabilitate and naturalize this area.



Christmas trees secured in place with wooden stakes and twine to create a sediment mat



The online pond has been separated from the creek with the sediment mat

For more information and to get involved, visit conservationhalton.ca/stewardship or contact us at stewardship@hrca.on.ca. Conservation Halton is grateful for the support of all project partners and funders in 2021 who make this work at Joe Sams Park possible.



Hamilton



HAMILTON
HARBOUR
REMEDIAL ACTION PLAN



TD Friends of the
Environment
Foundation



REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 03 22 03

FROM: Kellie McCormack, Director, Planning & Regulations

DATE: March 24, 2022

SUBJECT: Conservation Halton Workplan for Developing Procedures for Assessing Impacts to Wetlands

Recommendation

THAT the Conservation Halton Board of Directors **approves the report entitled “Conservation Halton Workplan for Developing Procedures for Assessing Impacts to Wetlands”.**

Executive Summary

Wetlands are critical ecosystems that provide a range of ecological, hydrological, and socio-economic benefits or services. Conservation Halton (CH) regulates wetlands from interference, as well as development in wetlands and “other areas” adjacent to wetlands where development could interfere with the hydrologic functions of the feature. CH has Board approved policies that outline when development may be considered in a regulated area; however, for staff to issue permission, the works must meet these policies. In cases where interference or development is permitted and proposed in or near wetlands, staff works with proponents to avoid or mitigate impacts. However, there are situations where wetland loss is unavoidable (e.g., to accommodate essential public infrastructure or Minister’s Zoning Order is issued for development in or within proximity to a wetland) or where CH works with its municipal partners to establish an overall wetland management strategy through a comprehensive study, where small, isolated wetlands are replicated within a larger Natural Heritage System.

The general tool that CH staff uses to assess wetland impacts, and to evaluate approaches to address impacts, is referred to as the “Mitigation Hierarchy”. The Mitigation Hierarchy involves staff working with willing proponents to avoid, minimize, mitigate or, as a last resort, relocate and replicate the feature and functions in locations across CHs watershed. Although this tool is generally used, CH does not have a formal procedure for assessing impacts to wetlands nor a formal approach to deal with situations where wetland replication or offsetting may be necessary. As a result, approaches to address the ecological and hydrological losses may not always be consistent.

Formal procedures will provide greater certainty and transparency regarding CH’s requirements for assessing impacts to wetlands and how these impacts can be addressed. This report provides an overview of the process that staff proposes to undertake to develop robust procedures which are informed by science and input from a broad range of stakeholders and CH’s Board of Directors. Staff recommends that the Board of Directors approves the work plan for developing Procedures for Assessing Impacts to Wetlands as presented.

Report

Background

Wetlands are the transitional areas between land and water, where water covers the soil, permanently or seasonally. Wetlands are the most biologically diverse of all ecosystems, as they support both aquatic and terrestrial plant and wildlife species. They also provide a range of benefits or services, such as flood control and storage, improved water quality, groundwater recharge, and socio-economic products and opportunities (e.g., timber, hunting, fishing, nature appreciation). Wetlands also play a critical role in helping to mitigate the impacts of climate change.

Under the *Conservation Authorities Act (CA Act)*, wetlands are defined as land that:

- a) is seasonally or permanently covered by shallow water or has a water table close to or at its surface;
- b) directly contributes to the hydrological function of a watershed through connection with a surface watercourse;
- c) has hydric soils, the formation of which has been caused by the presence of abundant water; and,
- d) has vegetation dominated by hydrophytic plants or water tolerant plants, the dominance of which has been favoured by the presence of abundant water,

but does not include periodically soaked or wetland that is used for agricultural purposes and no longer exhibits a wetland characteristic referred to in clause c) or d).

The *CA Act* sets out that conservation authorities (CAs) may make regulations prohibiting, regulating, or requiring permission for interfering in any way with a wetland.

Under *Ontario Regulation 162/06*, Conservation Halton (CH) also regulates development in areas that meet the *CA Act* definition of a wetland, as well as development in “other areas” where development could interfere with the hydrologic function of a wetland (i.e., lands 120 metres from the limit of Provincially Significant Wetlands (PSWs) and wetlands greater than 2 hectares in size and lands 30 metres from wetlands less than 2 hectares in size). *Ontario Regulation 162/06* prescribes that CH may grant permission to develop in a regulated area if, in the opinion of the authority, the control of flooding, erosion, dynamic beaches, pollution or the conservation of land will not be affected by the development. CH may also grant permission to change or interfere with a wetland. However, for staff to issue permission, the works must meet CH’s Board-approved regulatory policies.

In general, CH’s regulatory policies do not support new development within wetlands or within 30 metres of a PSW or wetland greater than 2 hectares in size or within 15 metres of a wetland less than 2 hectares, but there are policy exceptions which apply to existing development (e.g., dwelling reconstruction, septic system replacement) or, where the need has been demonstrated and no alternative exists, for public infrastructure (e.g., roads, utilities, pipelines). These works are often supported by a hydrological assessment, environmental assessment, and/or comprehensive study.

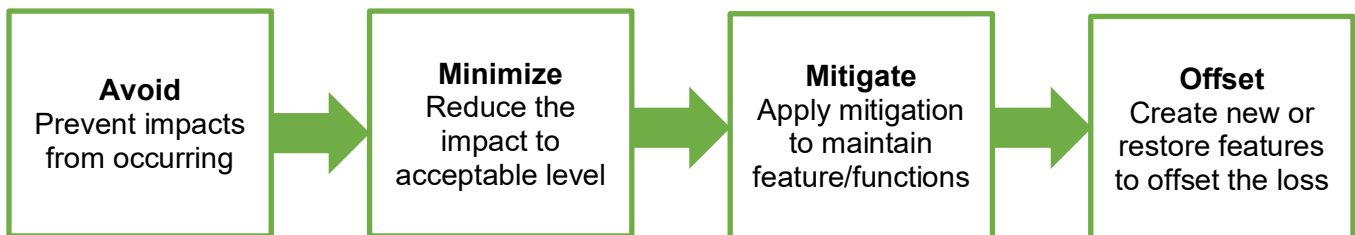
Development may be permitted 30-120 metres from PSWs or wetlands greater than 2 hectares, or 15-30 metres from wetlands less than 2 hectares if it meets CH's Board approved policies.

In cases where development is proposed in or near wetlands, staff works with proponents to avoid or mitigate the impacts of development on wetlands. However, not all impacts can be avoided or mitigated. The general tool that CH staff uses to assess wetland impacts, and to evaluate approaches to address impacts, is referred to as the "Mitigation Hierarchy". The Mitigation Hierarchy involves staff working with willing proponents to avoid, minimize, mitigate or, as a last resort, relocate and replicate the feature and functions in locations across CH's watershed.

Mitigation Hierarchy

Developed and adopted by natural resource management professionals and rooted in preservation and conservation science, the Mitigation Hierarchy is a tool used to guide decision-makers or proponents in identifying approaches to address negative impacts on natural features and their functions from development projects. The Mitigation Hierarchy is used by organizations throughout the world, including the United Nations (Convention on Biodiversity/Development Program/ Environmental Program), the World Bank, and the Department of Fisheries and Oceans Canada. It emphasizes avoiding, minimizing, or mitigating impacts before offsetting, where impacts are unavoidable. Complete loss of a feature and its functions is not recognized as an acceptable approach.

The following outlines the steps of the mitigation hierarchy and how CH staff considers the hierarchy when reviewing permit and/or planning applications and associated technical studies.



Avoid

Avoiding development in or near wetlands is the optimal approach to preventing or avoiding impacts to wetlands in the first place. CH's policies generally support this approach, as development and site alteration is to be outside of the wetland critical function zone. Most CH permits issued avoid impacts to wetlands.

Minimize

If impacts cannot be fully avoided, the next best approach is to minimize impacts (e.g., reducing the footprint of works). Opportunities for restoration and enhancement may also be considered to minimize impacts. Minimizing reduces potential impacts and is often tied to mitigation.

Mitigate

Mitigation involves implementing specific measures to reduce the duration, intensity, and/or extent of impacts, including direct, indirect, and cumulative impacts, where feasible. Examples of mitigation measures include, installing sediment and erosion controls and timing works to occur during less

sensitive periods for wildlife. Opportunities for restoration and enhancement may also be considered to mitigate impacts.

Offset

The last and final approach is to offset impacts, recognizing that not all wetlands can be offset. Offsetting is a methodical approach for assessing potential adverse impacts resulting from development on natural features. It involves the intentional restoration and/or enhancement of an existing wetland or the creation of a new wetland in an alternate and deliberately chosen location. Offsetting is a well-known and long-established ecological approach for dealing with ecological loss, where the need has been demonstrated and no alternative exists.

The Province introduced the concept of wetland offsetting through a discussion paper that was posted on the Environmental Registry in 2018 and the concept has also been studied considerably by Ontario Nature. However, there is currently no formal Provincial guidance or policy on how CAs should deal with offsetting for wetlands. Several CAs within the Greater Golden Horseshoe have developed or are in the process of developing offsetting policies and guidelines to deal with unavoidable losses of wetlands, as well as other natural heritage features and their functions, within their watersheds. CH does not currently have a formal procedure for assessing wetland impacts or a wetland replication or offsetting protocol.

Current Considerations & Recommendations

Recent changes to the *CA Act* now require CAs to grant permission for a development project if a Minister's Zoning Order (MZO) is issued under the *Planning Act*, by the Minister of Municipal Affairs and Housing. However, CAs may attach conditions to these permissions to mitigate any effects the development project may have on the control of flooding, erosion, dynamic beaches or pollution or the conservation of land, or where the development project might jeopardize the health or safety of persons or result in the damage or destruction of property, in the event of a natural hazard. In other words, if a MZO is issued for development in or within close proximity to a wetland, CAs are now required to issue a permit but CAs may include conditions to mitigate impacts with the permission.

The use of MZOs has increased significantly in Ontario over the past two years. To date, there have been no MZOs issued for development projects in CH regulated areas, but MZOs were issued within the Toronto and Region Conservation Authority (TRCA) and Lake Simcoe Region Conservation Authority (LSRCA) jurisdictions, which will result in the removal of wetlands. TRCA and LSRCA staff, nor their Board of Directors, supported the applications but they did impose conditions for the proponent to replicate the impacted wetlands, following their formal compensation guidelines.

In addition to MZOs, there are other situations where wetland loss is unavoidable (e.g., to accommodate essential public infrastructure). There are also situations where CH works with its municipal partners to establish an overall wetland or natural heritage management strategy through a comprehensive study (e.g., through a Subwatershed Study process, small, isolated, and low functioning wetlands may be identified as features/functions that could be replicated in locations closer to the larger Natural Heritage System that could result in an overall benefit to the broader system).

Since CH does not have a formal procedure for assessing wetland impacts or a formal wetland replication or offsetting protocol to deal with the situations referenced above, approaches to address the ecological and hydrological losses are not always consistent.

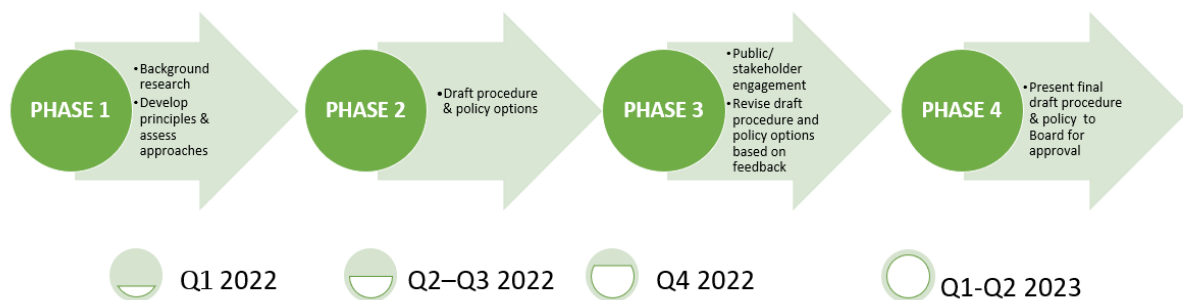
To provide proponents with greater clarity and transparency on how CH assesses wetland impacts and implements the Mitigation Hierarchy, as well as to ensure CH is prepared to deal with situations where impacts may be unavoidable, a formal procedure for assessing impacts of development on wetlands is recommended. A new regulatory policy may also be required to implement the procedure, once completed.

The intention behind creating a formal procedure is not to promote or encourage wetland removals. Rather, it is to formalize CH's approach to using the mitigation hierarchy and to assessing impacts to wetlands. It is also to provide staff with a tool for ensuring that healthy wetlands remain on the landscape. There are several benefits to having a formal procedure, including:

- Ensures transparency and consistency in CHs review and approach to dealing with impacts to wetlands;
- Enables more efficient decision making;
- Considers local watershed conditions and context;
- Provides opportunities for ecological net gain; and
- Ensures wetlands and their functions are not lost from the landscape.

Proposed Work Plan

The process for developing a Procedure for Assessing Impacts to Wetlands is outlined in the figure below.



Phase 1:

Background research will be conducted on wetland impact approaches in other jurisdictions. A stakeholder and public engagement strategy will be prepared to outline how CH intends to seek input from stakeholders and the public. Develop principles that would be used to guide staff in the development of a draft Procedure for Assessing Impacts to Wetlands.

Phase 1 is to be completed by the end of Q1 2022.

Phase 2:

The key deliverables in Phase 2 include producing a draft procedure which will outline CH's approach to using the mitigation hierarchy and to assessing impacts to wetlands. Recommended options for policy changes to implement the procedure will also be drafted, if necessary.

Phase 2 will be completed by the end of summer 2022.

Phase 3:

Phase 3 involves engaging with the public and stakeholders on the draft procedure and policy. CH's Board of Directors will be circulated the draft document at the same time. Staff will assess all input received and revise the draft procedure, as necessary. All input received will be documented and presented to the Board.

Phase 3 is expected to occur in Q4 2022.

Phase 4:

The final phase of this project will be to bring the final draft procedure to the CH Board for approval.

The projected timeline to complete Phase 4 is early 2023.

Staff anticipates that changes will be made to CA regulations, under Section 28 of the *CA Act*, in the coming months/year. If any regulatory changes impact CH's Procedure or if the Province decides to advance a wetland offsetting guide, staff may need to adapt or revise any Procedure that is prepared. Staff will update and provide recommendations to the Board of Directors in that event.

Conclusion

Staff recommends that the Board of Directors approves the work plan for the Procedure for Assessing Impacts to Wetlands presented in this report. A Procedure will provide CH's stakeholders with greater certainty and transparency on how CH protects wetlands, CH's requirements for assessing impacts to wetlands, as well as ensure that CH is prepared to deal with situations where impacts may be unavoidable. The work plan outlined in this report provides an overview of the process that staff intends to take to develop a new procedure, as well as the key stages when stakeholders, the public, and CH's Board of Directors will be engaged in the process.

Impact on Strategic Priorities

This report supports the Momentum priority of Natural Hazards and Water

Financial Impact

There is no financial impact to this report.

Signed & respectfully submitted:



Kellie McCormack, MA, MCIP, RPP
Director, Planning & Regulations

FOR QUESTIONS ON CONTENT:

Approved for circulation:



Hassaan Basit
President & CEO/Secretary-Treasurer

Lesley Matich, Manager, Planning Ecology; lmatic@hrca.on.ca;
905-336-1158 x 2323.

REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 03 22 04

FROM: Kellie McCormack, Director, Planning & Regulations

DATE: March 24, 2022

SUBJECT: **Site-specific principles for the redevelopment of 3228 South Service Road West, Town of Oakville**
CH File No. A/22/O/16

Recommendation

THAT the Conservation Halton Board of Directors **approves site-specific principles to allow for the redevelopment of 3228 South Service Road West, Town of Oakville, and that, if met, allows staff to issue a permit for the proposed construction of a new surface parking lot within 6-15 metres and minor grading within 6 metres of the stable top of bank associated with Bronte Creek.**

And

THAT the Conservation Halton Board of Directors **receives the Staff report entitled “Site-specific principles for the redevelopment of 3228 South Service Road West, Town of Oakville” (CHBD 03 22 04)**

Executive Summary

Conservation Halton (CH) has received a Permit application (CH File No. A/22/O/16), and the Town of Oakville has received a Site Plan application (Town File No. SP1633.009/01), to re-develop a property at 3228 South Service Road West, Oakville. The applicant is proposing redevelopment of the subject property including the construction of a new 3.5 storey office building, with associated surface parking lot, grading/filling, and storm servicing. All existing structures on site are to be demolished/removed, including the existing dwelling partially located within the 6-meter erosion access allowance, as well as accessory structures within hazard lands and concrete bridges over the tributary of Bronte Creek.

The applicant worked with CH staff and reconfigured their original plan to locate the new building outside of CH's regulated area (i.e., greater than 15 metres from the stable top of bank). All other development (e.g., parking lot/driveway) was setback a minimum 6 metres from the stable top of bank to allow for an erosion access allowance, as required in the PPS. Only minor grading for drainage is now proposed within 6 metres of the stable top of bank associated with Bronte Creek.

Strict adherence to CH's major valley systems regulatory policies would significantly limit redevelopment of this site. CH staff can only issue permits that meet CH's Board-approved regulatory policies and policy exceptions require Board of Directors' approval. CH staff recommends that the CH Board approve site-specific principles for 3228 South Service Road West, Town of Oakville, as all relevant regulatory tests can be met. This would allow CH staff to issue a permit for works proposed

within CH's regulated area (erosion allowance), provided that the approved site-specific principles have been met.

Report

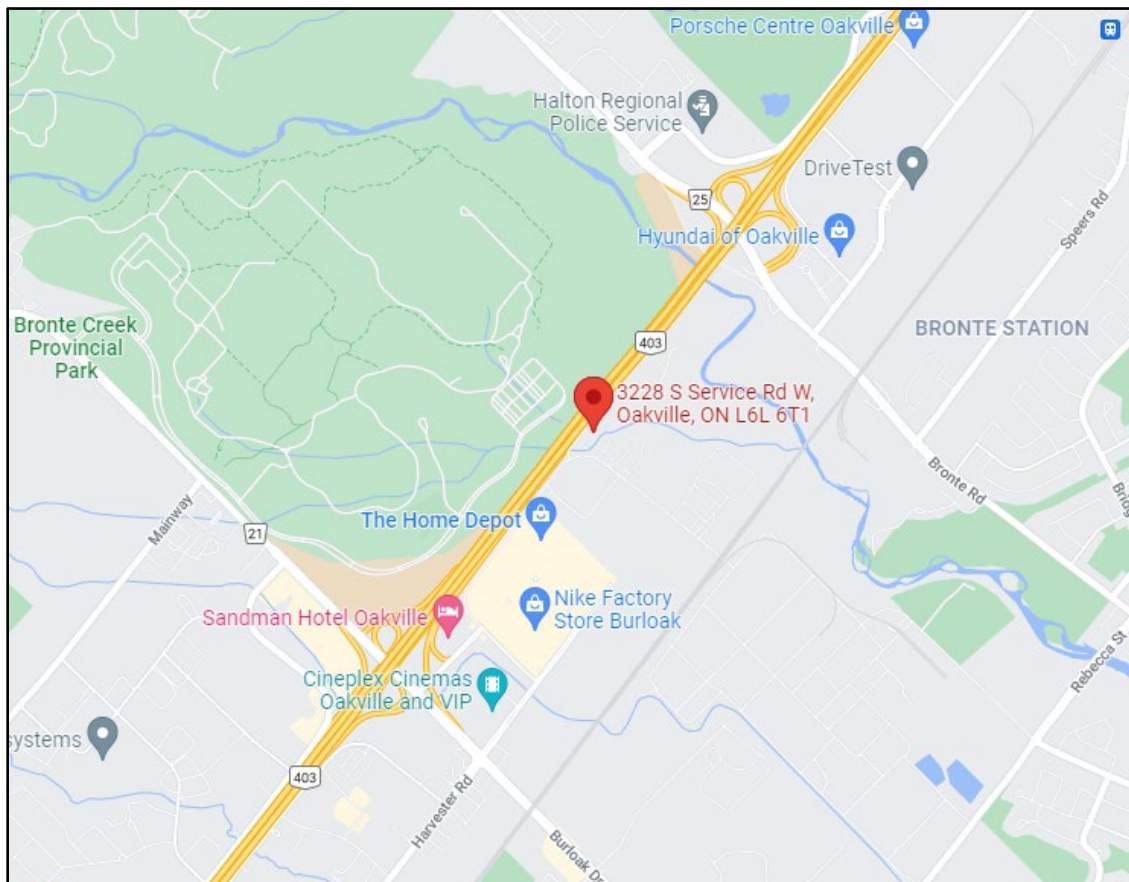
Background / Proposal

The subject property is located at 3228 South Service Road West, Oakville (Figure 1). The property is traversed by two tributaries of Bronte Creek and contains the erosion and flooding hazards associated with these tributaries. CH regulates a distance of 15 metres from the limit of the greatest hazard (which for this site is the stable top of bank) associated with Bronte Creek tributaries.

The property is approximately 0.589 hectares in size and currently contains a vacant residential dwelling with an associated driveway, as well as sheds at the rear of the property and concrete bridges over the tributary of Bronte Creek at the rear of the site. The surrounding neighbourhood is comprised of mostly commercial and industrial properties.

In addition to natural hazards, the site is constrained by a 14 metre right of way (ROW) development setback at the front of the property from MTO for future expansion of the QEW. A portion of the Natural Heritage System is also located on and adjacent to the property.

Figure 1: Key Map of 3228 South Service Road West, Oakville



A Slope Stability Assessment was provided to CH, to confirm the location of the stable top of bank on the subject property. Staff supports the findings of that assessment. The applicant also delineated the flood hazard and validated that the erosion hazard is the greatest hazard on site. Approximately half of the existing dwelling on the site is located within the 15-metre CH regulatory allowance from the stable top of bank. Figure 2 illustrates the location of the stable top of bank relative to the proposed development and the location of the existing dwelling.

[illegible]

CH provided comments on the first submission of Site Plan Application SP1633.009/01 on June 21, 2021 and advised the applicant that the proposal did not meet CH's regulatory policies or the natural hazard policies of the Provincial Policy Statement (PPS). The applicant met with CH staff and agreed to reconfigure their original plan to locate the new building outside of CH's regulated area (i.e., greater than 15 metres from the stable top of bank). All other development (e.g., parking lot/driveway) was setback a minimum 6 metres from the stable top of bank to allow for an erosion access allowance, as required in the PPS. CH received the second submission of SP1633.009/01, showing these revisions, on January 14, 2022.

The current proposal does not currently meet CH's regulatory policies and, since CH staff can only issue permissions for works that meet CH's Board approved regulatory policies, Board of Director approval is required for any policy exception. Although CH's and the Town's processes generally run concurrently, the applicant agreed that it was advantageous to put the CH permit on hold and to advance through the Site Plan application process, as multiple changes may be made to their plan based on feedback from all review agencies before it is finalized. However, the applicant cannot advance through the site plan approval process until it can be confirmed that CH will be able to issue a permission for the works. The applicant is seeking an exception to CH's regulatory policies to ensure CH staff can issue a permit for the proposed development should the Town of Oakville approve the Site Plan Application.

Conservation Halton Policy Review

CH has regulatory policies that allow for redevelopment of existing uses within CH's regulatory allowances. For example, CH Policy 2.35.2.1 permits replacement (same size and use) or additions within 15 metres of the stable top of bank. However, given that a change of use is proposed for the property, and the works are considered new development not a redevelopment of existing uses, this policy cannot be met. CH's regulatory policies do not currently contemplate infill scenarios involving a change in land use.

The regulatory policy that would then apply to this situation is Policy 2.35 *Major Valley Systems – Development within 15 metres of Stable Top of Bank*, which states:

2.35.3 Except as provided for in Policies 2.35.1 and 2.35.2, no new development or redevelopment is permitted within 15 metres of the stable top of bank of major valley features.

While the proposed building meets the above-policy, the driveway parking area and minor grading does not meet the Board-approved policy.

The intent of Policy 2.35.3 is to limit development within CH regulated lands if reasonable alternatives for redevelopment are possible onsite. The intent is also to provide for an erosion access allowance (6 metres from hazard limit based on the PPS) to ensure there is a large enough safety zone for people and vehicles to enter and exit an area during an emergency (e.g., slope failure) and to provide sufficient area to access and maintain protection works along valley.

The applicant is not proposing any development within hazard lands (except valley restoration, where necessary). A 6-metre erosion access allowance will be maintained. Options to redevelop the subject property away from the valley towards South Service Road West are not feasible given other site constraints, including the required 14 metre ROW setback.

Strict adherence to CH's major valley systems regulatory policies would significantly limit redevelopment of this site. CH staff can only issue permits that meet CH's Board-approved regulatory policies and policy exceptions require Board of Directors' approval.

Recommendation

The applicant has demonstrated through the information submitted that the applicable regulatory tests (i.e., the control of erosion, and conservation of land) can be met. They have confirmed that:

- a) redevelopment of the site is unlikely to affect the control of erosion or to create a condition or circumstance that, in the event of a natural hazard, might jeopardize the health or safety of persons or result in damage or destruction of property.
- b) the proposed development is located entirely outside the erosion hazard, as identified in *Geotechnical Investigation Slope Stability Assessment*, dated December 9, 2021 (i.e., control of erosion and conservation of land tests have been met);
- c) the existing dwelling, located partially within the 6-metre erosion access allowance, will be removed and access to the valley feature will be maintained (i.e., meets PPS requirements);
- d) a revegetated buffer will be provided from the limit of the valley, as identified in a satisfactory *Woodland Buffer Planting Plan* and *Landscape Plan* (i.e., conservation of land test).

In addition to meeting the relevant regulatory tests, the proponent will remove the existing rear yard sheds and concrete "bridges" traversing the creek and will undertake plantings to restore the valley and watercourse. Also, stormwater controls will be improved for quality treatment and quantity control for regional storm events resulting from the Bronte Creek catchment area to the north.

CH staff recommends that the CH Board approve site-specific principles for 3228 South Service Road West, Town of Oakville, and that, if met, allow CH staff to issue a permit allowing for redevelopment of the site once the plan is finalized. Principles for redevelopment of the subject property include:

1. Any proposed building or structure shall not encroach into CH's regulatory allowance (i.e., buildings or structures shall be no closer than 15 metres from the stable top of bank);
2. Parking/driveway shall not encroach into the erosion access allowance (i.e., parking lot/driveway shall be no closer than 6 metres from the stable top of bank);
3. Only minor grading shall be permitted in the erosion access allowance (i.e., only minor grading shall be permitted within 6 metres of the stable top of bank);
4. A revegetated buffer shall be provided from the limit of the valley, as identified in a satisfactory *Woodland Buffer Planting Plan* and *Landscape Plan*.
5. All existing structures shall be demolished/removed, including the existing dwelling, accessory structures, and concrete bridges, and all disturbed areas shall be restored.

If the applicant demonstrates that the above items have been addressed, a permit to allow for a new surface parking lot within 6-15 metres and minor grading within 6 metres of the long-term stable top of slope associated with Bronte Creek, at 3228 South Service Road West, Town of Oakville could be issued by staff. Removal of accessory structures within the hazards and concrete bridges would be a condition of the permit.

Conclusion

Staff recommends that the CH Board approve site-specific principles for the proposed construction of a new surface parking lot within 6-15 metres and minor grading within 6 metres of the long-term stable top of slope associated with Bronte Creek, at 3228 South Service Road West, Town of Oakville, and that, if met, allow CH staff to issue a permit for proposed development.

Impact on Strategic Priorities

This report supports the Momentum priority of Natural Hazards and Water.

Financial Impact

There is no financial impact resulting from this proposal.

Signed & respectfully submitted:



Kellie McCormack
Director, Planning & Regulations

Approved for circulation:



Hassaan Basit
President & CEO/Secretary-Treasurer

FOR QUESTIONS ON CONTENT:

Charles Priddle, Manager, Regulations Program,
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REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 03 22 05

FROM: Marnie Piggot, Director Finance

DATE: March 24, 2022

SUBJECT: 2021 Year end Budget Variance Report - Operating

Recommendation

THAT the Conservation Halton Board of Directors **approves the allocation of the 2021 operating surplus of \$591,026 to (from) the following Reserves:**

- **\$20,000 to the Digital Transformation Reserve;**
- **\$683,104 to the Legal – Planning & Watershed Management Reserve;**
- **\$158,000 to the Property Management Reserve;**
- **\$270,078 from the Conservation Areas Stabilization Reserve;**

THAT a transfer of \$46,032 to the Debt Financing Charges Reserve be **approved for the 2021 budget amount in excess of actual 2021 debt financing charges expense;**

And

THAT a transfer of up to \$50,000 from the Watershed Management & Support Services Stabilization Reserve **be approved to implement a Health and Safety compliance program not included in the 2022 budget;**

And

THAT a transfer up to \$300,000 from the Watershed Management & Support Services Stabilization Reserve **be approved to address anticipated increased legal expenses not included in the 2022 budget;**

And

THAT the Conservation Halton Board of Directors **receives for information the 2021 Year end Budget Variance Report (CHBD 03 22 05).**

Executive Summary

The total 2021 operating surplus according to the budget variance report is \$591,026. Details of the 2021 operating surplus are summarized in the report.

The primary drivers related to the favourable surplus are additional planning and regulation revenues of \$1,280,000 with increased applications in the year, offset by increased legal fee expenses of \$602,000. Expense savings were also achieved primarily in Corporate Services and Operations.

The 2021 total operating surplus includes an operating deficit in the Conservation Areas or Parks of (\$270,078). A provincial shutdown occurred at the beginning of fiscal 2021, resulting in an approximate shortfall of \$4 million in ski revenue due to the closure of Glen Eden for much of the season. Additionally, the Parks were impacted throughout 2021 due to COVID-19 restrictions resulting in lower program revenue. These reduced revenues were partially mitigated by fee increases implemented in June 2021 and decreased expenses.

The Budget Variance Report Financial Appendix (Appendix B) amounts are used by Finance staff to prepare the 2021-year end financial statements audited by KPMG in March.

Program	Actual Dec 31, 2021	Budget 2021	Budget Variance	Actual Dec 31, 2020
<i>Watershed Management & Support Services (WMSS)</i>				
Revenue	19,694,743	18,069,470	1,625,273	15,398,620
Expenses	18,833,639	18,069,470	764,169	14,267,614
Operating surplus	861,104	-	861,104	1,131,006
<i>Conservation Areas (Parks)</i>				
Revenue	10,399,835	13,843,514	(3,443,679)	11,816,692
Expenses	10,669,913	13,592,230	(2,922,317)	10,744,663
Operating surplus (deficit)	(270,078)	251,284	(521,362)	1,072,029
<i>Total</i>				
Revenue	30,094,578	31,912,984	(1,818,406)	27,215,312
Expenses	29,503,552	31,661,700	(2,158,148)	25,012,277
Total Operating surplus	\$591,026	\$251,284	\$339,742	\$2,203,035

Report

Operating Program

The Budget Variance Report Financial Appendix (Appendix B) provides explanations for variances that are greater than 10% and exceed \$10,000 from the 2021 budget amounts.

Canadian Emergency Wage Subsidy claims received in 2021 continue to be excluded from operating results until Conservation Halton staff confirm eligibility requirements with more certainty. Canada Revenue has denied some claims for other conservation authorities with one claim currently being appealed. This conservative accounting practice was reviewed with KPMG, Conservation Halton's auditors.

Budget Variances – Revenue

Total operating revenue for 2021 of \$30,094,578 fell short of the budget target of \$31,912,984 by \$1,818,406. This shortfall can be attributed to Park overall revenues falling short of the budget by

\$3.44 million due to COVID-19 impacts and offset by other revenue increases. Variance details by program are noted in the Budget Variance Report Financial Appendix (Appendix B). A summary of significant revenue variances from the financial appendix include:

Revenue	Actual Dec 31, 2021	Budget 2021	Budget Variance
Various Departments			
Total Internal Chargeback Recoveries from Parks - decrease for staff changes and reduced Glen Eden season	1,049,500	1,393,200	(343,700)
Corporate Services			
Program & other revenue increase (Innovation Hub, CH Foundation administration recovery, investment, employment grants)	293,492	109,000	184,492
Corporate Compliance			
Estate donation	820,487	-	820,487
Planning & Watershed Management			
Planning & Regulations fees and other revenue increase	3,663,674	2,380,000	1,283,674
Operations			
Forest management revenue increase	185,747	100,000	85,747
Partnership Projects			
Project revenue decrease fully offset by lower expenses	1,447,364	1,903,647	(456,283)
Conservation Areas			
Park revenue total shortfall	10,399,835	13,843,514	(3,443,679)
Various other increases			50,856
Total Revenue Variance from Budget			(\$1,818,406)

Budget Variances – Expenses

Total expenses of \$29,503,552 are less than the 2021 budget of \$31,661,700 by \$2,158,148. Lower Park expenses make up most of this decrease at \$2,922,317. The larger expense budget variances are summarized from the Financial Appendix (Appendix B) in the following chart:

Expenses	Actual Dec 31, 2021	Budget 2021	Budget Variance
WMSS Various Departments			
Staff salaries & benefits - staff changes and vacancies	12,512,128	12,491,385	20,743
Corporate Compliance			
Transfer to Property Management Reserve - Estate donation	820,487	-	820,487
Planning & Watershed Management			
Legal fees increase	977,098	375,000	602,098
Project Management Office			
Administration Office & Construction Facility Maintenance decrease	120,229	172,000	(51,771)
Operations			
Property management and Forestry purchased services decrease	287,805	372,239	(84,434)
Partnership Projects			
Project expenses decrease fully offset by matching lower funding	1,447,364	1,903,647	(456,283)
Conservation Areas			
Park expenses total decrease	10,669,913	13,592,230	(2,922,317)
Various other increases (decreases)			(86,671)
Total Expense Variance from Budget			(\$2,158,148)

Legal fees related to planning and regulations matters, Ontario Land Tribunal and other cases are one of the largest over-expenditure budget variances. This trend is expected to continue in 2022 and may require additional reserve funding.

Conservation Areas / Parks

The Parks Operating Summary chart below provides further details on the significant revenue and expense variances.

Parks Operating Summary	Actual Dec 31, 2021	Budget 2021	Budget Variance	Actual Dec 31, 2020
Revenue				
Ski (season passes, lift fees, lessons, rentals, retail)	2,605,109	6,649,000	(4,043,891)	6,332,520
Entry fees	3,464,123	1,819,000	1,645,123	3,110,821
Program & other	2,567,211	4,150,235	(1,583,024)	1,178,933
Annual park memberships	1,438,595	870,000	568,595	841,027
Municipal funding - Education & Outreach	324,797	355,279	(30,482)	353,393
Total Revenue	10,399,835	13,843,514	(3,443,679)	11,816,693
Expenses				
Staff salaries & benefits - full time	2,959,674	3,642,195	(682,521)	2,594,176
Staff salaries & benefits - part time	3,308,859	4,462,013	(1,153,154)	3,217,503
Materials & supplies and Purchased services	3,351,880	4,094,822	(742,942)	4,006,085
Internal Chargeback - WMSS Support Services	1,049,500	1,393,200	(343,700)	926,900
Total Expenses	10,669,913	13,592,230	(2,922,317)	10,744,663
Parks Operating surplus (deficit)	(\$270,078)	\$ 251,284	(\$521,362)	\$ 1,072,029

Park revenues are lower than the budget amount by \$3.44 million overall. The shortfall is primarily related to the closure of Kelso Glen Eden ski programs from January to mid-February 2021 due to the provincial shutdown order, as well as the inability to provide programs such as Education and Maple Town / Sugarbush Season as a result of the pandemic. Park expenses include an Internal Chargeback from Support Service programs of \$1,049,500. The internal chargeback is lower than the budget with staff changes and a reduced ski operating season. Staff and other operating expenses were reduced, where possible, to mitigate the revenue shortfall.

Park annual membership and entry fee increases approved by the Board in February 2021 were implemented in mid-June in line with the phased provincial reopening plan. These fee increases allowed entry and memberships revenues to exceed the budget amounts by \$2.2 million, helping to mitigate the ski revenue shortfall. Park membership sales and entry fees continued to be strong after the fee increase.

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, 2021, are \$11,427,846.

The operating surplus of \$591,026 is recommended to be allocated to reserves as follows:

• Digital Transformation Reserve	\$ 20,000
• Legal – Planning & Watershed Management Reserve	\$683,104
• Property Management Reserve	\$158,000
• Conservation Areas Stabilization Reserve (operating deficit)	<u>(\$270,078)</u>
Total operating surplus allocation to reserves	<u>\$591,026</u>

Name of Reserve	Reserve Balances Jan. 1, 2021	2021 Budget & Previously Approved Reserve Transfers	Reserve Balances Prior to Transfers to be Approved	Reserve Transfers to be Approved Investment Revenue & Debt Charges	Reserve Transfers to be Approved Operating Surplus	Reserve Balances Dec. 31, 2021
Watershed Management & Support Services						
Vehicle and equipment	723,967	(28,966)	695,001	9,900		704,901
Building - State of Good Repair	315,611	(4,037) 102,000	413,574	5,100		418,674
Building	373,137	(61,065)	312,072	4,800		316,872
Watershed Management Capital - Municipal Funds	783,983	(430,621) 376,500	729,862	10,500		740,362
Watershed Management Capital - Self-Generated Funds	416,909		416,909	18,000		434,909
Watershed Management & Support Services Stabilization	1,789,212		1,789,212	-		1,789,212
Debt Financing Charges	425,564	-	425,564	46,032		471,596
Digital Transformation	254,900	-	254,900	3,500	20,000	278,400
Legal - Planning & Watershed Management	258,891		258,891	-	683,104	941,995
Legal - Corporate	200,000		200,000	-		200,000
Water Festival	188,911	-	188,911	-		188,911
Land Securement	60,437	2,302 25,000	87,739	1,000		88,739
Property Management	145,629	820,487 (47,473)	918,643	7,400	158,000	1,084,043
Stewardship and restoration	420,511	(11,460)	409,051	-		409,051
Conservation Areas						
Capital	3,294,219	(706,528)	2,587,691	42,000		2,629,691
Revenue Stabilization	1,000,568		1,000,568		(270,078)	730,490
Total Reserves	\$10,652,449	\$ 36,139	\$ 10,688,588	\$ 148,232	\$ 591,026	\$ 11,427,846

The Parks Revenue Stabilization Reserve balance after the above reserve transfer is \$730,490. The target balance for the Conservation Areas Stabilization Reserve for 2022 is \$1,046,000 based on 7.5% (mid- point of 5% to 10% Budget Principles target) of the Parks revenue budget of \$13,946,430. This amount is short of the target reserve balance by almost \$316,000. It is anticipated this shortfall can be made up in 2022 with lower Park capital expenses. The 2022 capital budget included the purchase of the new groomer for \$450,000 that will not be needed in 2022 with the purchase of a used groomer in 2021.

The WMSS Stabilization Reserve balance of \$1,789,212 more than exceeds the target balance of \$400,000 based on 12.5% (midpoint of 10%-15%) of 2022 budget program revenues of almost \$3.2 million.

Additional reserve transfers are recommended at this time for estimated expenses not included in the 2022 budget for up to the following amounts:

Implementation of a Health and Safety compliance program	\$ 50,000
Increased legal expenses	<u>\$300,000</u>
Total reserve transfers - 2022	<u>\$350,000</u>

Based on the excess balance in the WMSS Stabilization Reserve, it is recommended that this reserve fund the increased expenses.


Impact on Strategic Goals

This report supports the Momentum priority of Organizational Sustainability.

Financial Impact

This report along with the financial appendix (Appendix B) summarizes the variances that have contributed to the 2021 operating surplus of \$513,026 and recommends distribution of the surplus to reserves. The variances that have occurred during the year will inform staff for the management of the approved 2022 budget and preparation of the 2023 budget.

Signed & respectfully submitted:


Marnie Piggot
Director, Finance

Approved for circulation:


Hassaan Basit
President & CEO/Secretary-Treasurer

FOR QUESTIONS ON CONTENT:

Marnie Piggot; Director Finance
905-336-1158, ext. 2240; mpiggot@hrca.on.ca;

**Conservation Halton
Budget Variance Report Financial Appendix**

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
CORPORATE SERVICES					
<u>Expenditures</u>					
Salaries and Benefits	1	3,027,583	3,515,016	(487,433)	(13.9%)
Total Materials & Supplies and Purchased Services		959,529	917,528	41,569	4.5%
Debt Financing Charges		619,245	619,245	0	0.0%
Transfer to Reserves - State of Good Repair Levy		503,500	503,500	-	0.0%
Total Expenditures		5,109,857	5,555,289	(445,864)	(8.0%)
<u>Revenue</u>					
Program & Other Revenue	2	293,492	109,000	184,492	169.3%
Municipal Funding		9,849,084	9,818,600	30,484	0.3%
Internal Chargeback Recoveries	1	657,921	922,149	(264,228)	(28.7%)
Reserve Funding		-	10,000	(10,000)	(100.0%)
Total Revenues		10,800,497	10,859,749	(59,252)	(0.5%)
TOTAL CORPORATE SERVICES		5,690,640	5,304,460	386,612	7.3%

Notes:

Corporate Services category includes: Office of the CEO, Finance, Foundation Administration, Human Resources, IT, Digital Transformation, GIS, Marketing and Communications.

1. Salaries and benefits are lower than the 2021 budget amount due to staff vacancies in Corporate Service departments. The staff recovery internal chargeback to the Conservation Areas has been reduced as a result of the staffing changes and parks reduced operating season.

2. Program & Other Revenue increase of \$184,492 is related to revenue not included in the 2021 budget for 1) staff employment grants of \$30,000; 2) additional recovery of \$15,000 from the Conservation Halton Foundation for staff time spent on Foundation programs; 3) increased investment revenue of \$79,245 and 4) Innovation Hub project revenue of \$50,963.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
CORPORATE COMPLIANCE					
<u>Expenditures</u>					
Salaries and Benefits		549,533	570,777	(21,244)	(3.7%)
Total Materials & Supplies and Purchased Services		212,768	204,000	8,768	4.3%
Transfer to Reserves - Property Management	3	820,487	-	820,487	100.0%
Total Expenditures		1,582,788	774,777	808,011	104.3%
<u>Revenue</u>					
Program & Other Revenue	3	834,968	-	834,968	100.0%
Internal Chargeback Recoveries	4	146,700	187,700	(41,000)	(21.8%)
Total Revenues		981,668	187,700	793,968	423.0%
TOTAL CORPORATE COMPLIANCE		(601,120)	(587,077)	(14,043)	2.4%

Notes:

3. A donation of \$820,487 was received from an estate settlement and property sale that Conservation Halton was named as a beneficiary in. The donation was not included in the budget and was approved to be transferred to the Property Management Reserve.

4. Internal staff chargeback recoveries from the Conservation Areas has been reduced as a result of the staffing changes and a reduced park operating season.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
FLOOD FORECASTING & OPERATIONS					
<u>Expenditures</u>					
Salaries and Benefits	5	412,475	363,284	49,191	13.5%
Total Materials & Supplies and Purchased Services	5	114,454	145,000	(30,546)	(21.1%)
Total Expenditures		526,929	508,284	18,645	3.7%
<u>Revenue</u>					
Program & Other Revenue	6	16,443	-	16,443	100.0%
Provincial Funding		155,034	155,034	-	0.0%
Internal Chargeback Recoveries		29,006	30,950	(1,944)	(6.3%)
Total Revenues		200,483	185,984	14,499	7.8%
TOTAL FLOOD FORECASTING & OPERATIONS		(326,445)	(322,300)	(4,145)	1.3%

Notes:

5. Salaries and benefits exceed the budget amount due to a new staff position not included in the budget with the additional cost offset by savings in purchased services maintenance expenses.
6. Program revenue includes recovery of costs for agreements with municipal partners for streamflow gauge network operations that was not included in the 2021 budget.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
PLANNING & WATERSHED MANAGEMENT					
<u>Expenditures</u>					
Salaries and Benefits		4,661,307	4,426,754	234,553	5.3%
Total Materials & Supplies and Purchased Services	7	1,016,180	466,914	549,266	117.6%
Total Expenditures		5,677,487	4,893,668	783,819	16.0%
<u>Revenue</u>					
Program & Other Revenue	8	3,663,963	2,383,000	1,280,963	53.8%
Provincial Funding	9	245,886	273,464	(27,578)	(10.1%)
Other Municipal Funding	10	432,538	507,533	(74,995)	(14.8%)
Internal Chargeback Recoveries		45,145	37,440	7,705	20.6%
Total Revenues		4,387,531	3,201,437	1,186,094	37.0%
TOTAL PLANNING & WATERSHED MANAGEMENT		(1,289,956)	(1,692,231)	402,275	(23.8%)

Planning & Watershed Management category includes: Planning & Regulations, Regional Infrastructure Team (RIT) and Source Protection.

Notes:

7. Purchased Services include legal expenses that exceed the budget by \$602,000 related to Planning & Regulations matters, Ontario Land Tribunal and other cases.

8. Planning, regulation and other program revenues the budget amount by \$1,280,000 as a result of increased applications, permits and services.

9. Provincial (MECP) funding for the Source Protection program is based on actual expenses. Source Protection program expenses are lower than the budget as a result of savings in staffing and other expenses. The expense savings are partly due to COVID impacts and working remotely resulting in the lower funding amount.

10. Other municipal funding for the Regional Infrastructure Team (RIT) is based on actual expenses. RIT expenses are lower than the budget resulting in the lower funding amount. Expense savings are mainly due to a staffing vacancy with no impact on RIT work.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
SCIENCE & PARTNERSHIPS (S & P)					
<u>Expenditures</u>					
Salaries and Benefits	11	1,517,632	1,391,075	126,557	9.1%
Total Materials & Supplies and Purchased Services		129,591	159,257	(29,666)	(18.6%)
Total Expenditures		1,647,223	1,550,332	96,890	6.2%
<u>Revenue</u>					
Program & Other Revenue	11	107,330	135,426	(28,096)	(20.7%)
Provincial Grant Funding		61,613	65,000	(3,387)	(5.2%)
Other Municipal Funding	12	84,690	117,704	(33,015)	(28.0%)
Federal Funding	12	197,060	163,750	33,310	20.3%
Internal Chargeback Recoveries	11	256,594	148,720	107,874	72.5%
Reserve Funding	13	-	17,500	(17,500)	(100.0%)
Total Revenues		707,287	648,100	59,187	9.1%
TOTAL SCIENCE & PARTNERSHIPS		(939,936)	(902,232)	(37,704)	4.2%

Science & Partnerships category includes: Monitoring Ecology, Landowner Outreach and Restoration, and Hamilton Harbour Remedial Action Plan (HHRAP).

Notes:

11. Increased staffing costs are offset by savings in other expenses and increased Internal Chargeback Recoveries from Partnership Projects. These recoveries are higher than the budget estimate based on actual project funding and costs. Program funding for recoveries from projects is lower than the budget based on delays in project timing.

12. Other municipal is lower as a result of increased federal funding for the Hamilton Harbour Remedial Action Plan (HHRAP). HHRAP expenses are fully funded by provincial, federal and other municipal funding.

13. Stewardship & Restoration Reserve funding included in the budget for the Landowner Outreach and Restoration program as a result of increased other revenue.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
PROJECT MANAGEMENT OFFICE					
<u>Expenditures</u>					
Salaries and Benefits		1,136,403	1,036,531	99,871	9.6%
Total Materials & Supplies and Purchased Services	14	143,068	223,465	(80,397)	(36.0%)
Transfer to Reserves		-	-	-	0.0%
Total Expenditures		1,279,470	1,259,996	19,474	1.5%
<u>Revenue</u>					
Program & Other Revenue	14	117,729	102,318	15,411	15.1%
Internal Chargeback Recoveries		355,558	380,835	(25,277)	(6.6%)
Total Revenues		473,287	483,153	(9,866)	(2.0%)
TOTAL PROJECT MANAGEMENT OFFICE		(806,183)	(776,843)	(29,340)	3.8%

Project Management Office category includes: Project Management Office, Restoration, Construction and Administration Office.

Notes:

14. Restoration project materials and purchased services are less than the budget with the allocation of costs to partnership projects funded by other grants. Program revenue includes administration cost recoveries not included in the budget that are funded through partnership project grants.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
OPERATIONS					
<u>Expenditures</u>					
Salaries and Benefits		1,207,196	1,187,947	19,249	1.6%
Chargeback - Parks staff support		67,520	63,290	4,230	6.7%
Total Materials & Supplies and Purchased Services	15	287,805	372,239	(84,434)	(22.7%)
Total Expenditures		1,562,521	1,623,476	(60,955)	(3.8%)
<u>Revenue</u>					
Program & Other Revenue	16	263,379	136,000	127,379	93.7%
Provincial Grants		125,000	125,000	-	0.0%
Other Municipal Funding		46,414	42,000	4,414	10.5%
Internal Chargeback Recoveries	17	261,832	296,700	(34,868)	(11.8%)
Total Revenues		696,625	599,700	96,925	16.2%
TOTAL OPERATIONS		(865,896)	(1,023,776)	157,880	(15.4%)

Operations category includes: Forestry, Property Management, Enforcement, WMSS Fleet Management.

Notes:

15. Property Management and Forestry materials and purchased services are less than the budget by \$84,434 as a result of work on partnership projects funded by other grants and reduced discretionary maintenance costs.

16. Increased Forest Management program revenue was received for planting projects completed by staff.

17. Internal staff chargeback recoveries from the Conservation Areas has been reduced as a result of the staffing changes and a reduced park operating season.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
PARTNERSHIP PROJECTS - SCIENCE & PARTNERSHIPS AND PROJECT MANAGEMENT OFFICE					
<u>Expenditures</u>					
Staff support		562,547	457,433	105,114	23.0%
Total Materials & Supplies and Purchased Services		884,817	1,446,214	(561,397)	(38.8%)
Total Expenditures	18	1,447,364	1,903,647	(456,283)	(24.0%)
<u>Revenue</u>					
Program Revenue		632,505	1,172,298	(539,793)	(46.0%)
Provincial Grants		369,466	623,015	(253,549)	(40.7%)
Other Municipal Funding		64,262	-	64,262	0.0%
Federal Funding		381,131	108,334	272,797	251.8%
Total Revenues	18	1,447,364	1,903,647	(456,283)	(24.0%)
TOTAL PARTNERSHIP PROJECTS		0	-	0	0.0%

Notes:

18. Partnership project costs are fully funded by related project grants and other funding. Reduced Partnership Projects costs and funding are based on completed project work.

Conservation Halton
Budget Variance Report Financial Appendix

	NOTES	ACTUAL DEC. 31, 2021	2021 BUDGET	\$ VARIANCE OVER / (UNDER) BUDGET	% VARIANCE OVER / (UNDER) BUDGET
CONSERVATION AREAS					
<u>Expenditures</u>					
Salaries and Benefits		6,268,533	8,104,208	(1,835,675)	(22.7%)
Total Materials & Supplies and Purchased Services		3,351,880	4,094,822	(742,942)	(18.1%)
Internal Chargeback - WMSS Support Services to Parks		1,049,500	1,393,200	(343,700)	(24.7%)
Total Expenditures	19	10,669,913	13,592,230	(2,922,317)	(21.5%)
<u>Revenue</u>					
Program Revenue		9,885,344	13,301,330	(3,415,986)	(25.7%)
Other Revenue		95,209	65,000	30,209	46.5%
Municipal Funding		351,762	405,279	(53,517)	(13.2%)
Reserve Funding (Outreach)		-	8,615	(8,615)	(100.0%)
Internal Chargeback Recovery - Parks to WMSS		67,520	63,290	4,230	6.7%
Total Revenues	19	10,399,835	13,843,514	(3,443,679)	(24.9%)
TOTAL - TRANSFER TO (FROM) CONSERVATION AREA RESERVES		(270,078)	251,284	(521,362)	(207.5%)

Notes:

19. Park program costs and revenue are significantly lower the 2021 budget amounts with the closure of Kelso Glen Eden ski programs until mid-February 2021 during the provincial shutdown order as well as COVID impacts throughout 2021 on park programs. Glen Eden ski revenues are lower than the 2021 budget by \$4 million with the reduced operating season and cancellation of group ski lesson programs. Other park programs including Education and Maple Town revenue are lower than the budget by \$1.6 million. The reduced Glen Eden and other program revenue is partially offset by increased Entry fees of \$1.6 million and increased annual membership revenue of \$568,000. The revenue shortfall and operating deficit was mitigated through reductions in staffing and other discretionary program expenses.

REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 03 22 06

FROM: Marnie Piggot, Director, Finance

DATE: March 24, 2022

SUBJECT: 2021 Investments and Investment Revenue

Recommendation

THAT the Conservation Halton Board of Directors **approves the allocation of investment revenue of \$326,233 to operating funds and to reserves as noted in the report;**

And

THAT the staff report on 2021 Investments and Investment Revenue dated March 24, 2022, **be received for information.**

Executive Summary

In 2021, total investment revenue of \$715,943 was earned on investments at December 31, 2021, of \$40,012,678. Investment revenue and investment item details for 2021 are provided in the report below.

Investment revenue of \$326,233 is recommended to be allocated to capital reserve funds in the amount of \$102,200 and \$224,033 to operating funds including deferred revenue. The amounts allocated to the respective funds and reserves are noted in the report.

Report

Investment balances as of December 31, 2021, are detailed by investment, investment revenue and fair market value as follows:

Investment	Investment Cost Book Value Dec. 31, 2021	Average Rate of Return	2021 Investment Revenue	Investment Fair Market Value Dec. 31, 2021
Bank Business Investment Account	\$ 5,203,184	0.7%	\$ 53,865	\$ 5,203,184
Bank 31 day Notice Plan	10,085,806	0.9%	47,528	10,085,806
GICs (Guaranteed Investment Certificates)	5,000,000	1.3%	42,917	4,000,000
One Investment - High Interest Savings	2,314,090	0.5%	11,324	2,314,090
One Investment - Universal Bond Fund	4,443,377	2.0%	86,277	4,449,249
One Investment - Equity Fund	614,604	14.7%	84,322	1,438,426
Subtotal	27,661,061	1.4%	326,233	27,490,755
Long-term Water Management System Fund	12,351,617	3.1%	389,710	13,495,435
Total	\$ 40,012,678		\$ 715,943	\$ 40,986,190

2021 Investment Revenue

In 2021, total investment revenue of \$715,943 was earned on total investments costing \$40,012,678 compared to total 2020 investment revenue of \$785,875 on investments totaling \$29,743,330.

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 GICs, and
- One Investment High Interest Savings, Long-term Bond, and Equity Pooled Funds.

Conservation Halton investments achieved an average rate of return of 1.4% (2020 – 2.0%) for funds other than the Long-term Water Management System Fund. Interest rates remained flat during 2021 primarily a result of the economic impacts of COVID-19. The 2021 investment rate of return for Conservation Halton was significantly impacted by interest rate declines as GIC investments maturing in year were renewed at much lower rates. Bank of Canada interest rates are forecasted to increase throughout 2022 and 2023 to address increasing inflation rates. Staff will continue to monitor investments and seek reinvestments that maximize investment returns.

The increase in year over year investment funds is attributed to operating surpluses along with increased deferred revenue. Deferred revenue increases include Canada Wage Emergency Subsidy funds received and Glen Eden pre-season passes and lesson sales.

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

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 to programs on a proportional basis.

Staff recommend the allocation of the \$326,233 of investment revenue on the Conservation Halton reserve balances and operating funds for 2021 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 of 1.4% for 2021. Investment revenue has been allocated to the Property Management Reserve in 2021 as a result of the significant increase in this reserve balance. The Reserves Policy is being recommended to be updated to consider this revision.

Fund or Reserve	2021 Investment Revenue	2021 Budget	2020 Investment Revenue
Operating Fund			
Watershed Management & Support Services	\$ 134,533	\$ 55,000	\$ 128,256
Conservation Areas	89,500	55,000	104,200
Subtotal	224,033	110,000	232,455
Capital Reserves			
Vehicle, Equipment and Building	9,900	-	15,900
Building	4,800	-	8,300
Building - State of Good Repair	5,100	-	5,600
Land Securement	1,000	-	900
Property Management	7,400	-	-
Water Capital - Municipal	10,500	-	13,400
Water Capital - Self Generated	18,000	-	26,000
Digital Transformation	3,500	-	4,900
Conservation Areas - Capital	42,000	-	47,900
Subtotal	102,200	-	122,900
Total Investment Revenue	\$ 326,233	\$ 110,000	\$ 355,355

One Investment - Pooled Funds

The One Investment program pools together investment funds from multiple Ontario municipalities and eligible public sector investors to provide higher returns for its 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 One Investment Prudent Investor program that allows for broader investments is currently available only to municipalities.

The total market value at December 31, 2021, for the One Fund Universal Bond fund and the Equity fund was \$5,887,675 and exceeds the book value of \$5,057,981. Market values for these funds have declined slightly at March 11, 2022, to \$5,701,492 due to market fluctuations.

Impact on Strategic Goals

This report supports the Momentum priority of Organizational Sustainability.

Financial Impact

Investment revenue for 2021 is allocated to operating and reserve funds and exceeded the 2021 budget amounts. The 2021 Budget was prepared conservatively as the amount of surplus funds are difficult to predict. The allocation of investment revenue to the capital reserve balances increases available reserve funds for future capital projects through self generated revenues.

Signed & respectfully submitted:



Marnie Piggot
Director, Finance

Approved for circulation:



Hassaan Basit
President & CEO/Secretary-Treasurer

FOR QUESTIONS ON CONTENT:

Marnie Piggot; Director Finance
905-336-1158, ext. 2240; mpiggot@hrca.on.ca;

REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 03 22 07

FROM: Marnie Piggot, Director, Finance

DATE: March 24, 2022

SUBJECT: Reserves Policy Update

Recommendation

THAT the Conservation Halton Board of Directors **approves the updates to the Reserves Policy noted in the staff report dated March 24, 2022.**

Report

The Conservation Halton Reserves Policy (Appendix C) is recommended to be updated to reflect changes in the purpose and funding source for the respective reserves. The changes are tracked in the policy and summarized in the following chart.

Summary of Changes:

Section – Capital Asset Management Reserves	Description of Change
Reserve Names: <i>Vehicle and Equipment</i> <i>Conservation Areas - Capital</i>	<p>Purpose - The purpose of the <i>Vehicle and Equipment Reserve</i> and <i>Conservation Areas – Capital Reserve</i> is proposed to be expanded to include the replacement of vehicles and equipment through purchase or lease obligation.</p> <p>This change will allow vehicle lease payments to be funded by these reserves up to the amount approved in the annual budget. The leasing of fleet vehicles was reviewed with Halton Region staff with consideration that the purpose of the reserves would be approved to include fleet lease obligations.</p>
Reserve Name: <i>Property Management Reserve</i>	<p>Purpose - The purpose of the <i>Property Management Reserve</i> has been expanded to include property management capital expenses in the annual budget. This reserve balance increased significantly in 2021 with the estate donation received of \$820,487 with the intention to allow for the expanded inclusion of property management capital expenses.</p>

	Funding Source - With the increased reserve balance and potential use for annual capital expenses, the allocation of annual investment revenue is recommended as a funding source with this allocation starting in 2021.
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Impact on Strategic Goals

This report supports the Momentum priority of Organizational Sustainability.

Financial Impact

The update to the Reserves Policy will expand the purpose and funding sources for reserves as noted in the summary of changes.

Signed & respectfully submitted:



Marnie Piggot
Director, Finance

Approved for circulation:



Hassaan Basit
President & CEO/Secretary-Treasurer

FOR QUESTIONS ON CONTENT:

Marnie Piggot; Director Finance
905-336-1158, ext. 2240; mpiggot@hrca.on.ca;



RESERVES POLICY

March 2022

Conservation Halton Reserves Policy

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Purpose and Objectives

Policy Statement

This policy establishes the purpose of reserves and outlines the standards and guidelines for the management and administration of Conservation Halton's existing reserves and changes to the reserves in the future.

Application

The Board of Directors and Conservation Halton staff who are responsible for the establishing, management and administration of Conservation Halton reserves.

Applicable Legislation

- Conservation Authorities Act (RSO 1990)
- Public Sector Accounting Board (PSAB) accounting standards for Canadian public sector organizations, including Conservation Authorities.

The Municipal Act, 2001 includes requirements for the establishment of and use of reserve funds for municipalities. Our funding municipalities will also be consulted to ensure Conservation Halton practices are consistent with their reserve funding practices.

Purpose and Definition of Reserves

Reserves are essentially savings that an organization has set aside for future projects, contingencies, or emergencies. Reserves promote financial stability and flexibility or may be a result of statutory requirements. Funding of a reserve may come from an operational surplus in a given period or been raised through specific funding or other revenues.

Conservation Halton has established various reserves, with approval of the Board of Directors, that are allocated to its two primary programs, Watershed Management & Support Services (WMSS) and the Conservation Areas. Conservation Halton's reserves can be categorized into four basic types: capital asset management, operating, stabilization and restricted funds designated for specific programs. The capital and asset management reserves include maintaining assets in a state of good repair as well as enhancements in assets related to growth or program changes.

Reserves may be considered discretionary or non-discretionary. The primary funding source for discretionary reserves is derived from annual year-end operating surpluses or recommendations included in the annual budget.

Non-discretionary reserves are segregated funds to meet statutory and contract requirements and funding agreements. This would include reserves currently established for the Water Festival and Stewardship and Restoration that have commitments that the funds be used for future costs for specific projects or work that is similar in nature or for the same area.

Also, according to the Conservation Authorities Act, provincial regulations and Ministry of Natural Resources and Forestry Policies and Procedures require that proceeds from the disposition of property where provincial grants were provided to acquire the property must be held in a capital reserve and used only for projects of provincial interest. Conservation Halton has not previously received proceeds from the disposal of provincial lands such that no reserve has been established.

Conservation Halton Reserves are an essential part of Conservation Halton's long-term financial plan. Reserves are an appropriate way for Conservation Authorities to maintain a stable financial position and sustainably manage significant events to:

- mitigate annual increases in municipal funding requests,
- avoid large fluctuations in other revenues to accommodate major one-time expenditures and
- support future cash requirements.

Reserve Requirements

Governance

The Conservation Halton Board of Directors (Board) has the ultimate responsibility for the prudent management of resources. As such, approval by the Board is required for reserve transactions. An effective system of governance is critical in carrying out this responsibility, which includes approved by-laws, policies, and procedures, as well as regular receipt and approval of reports regarding financial and other matters.

Management Responsibilities

The President & CEO is responsible for implementing the Conservation Halton Reserves Policy. The President & CEO and Finance department staff will review and make recommendations to the Board, at least annually, regarding the financial status of reserves and recommended changes and transfers to and from reserves.

All contributions to and withdrawals from reserves will be clearly identified and segregated within Conservation Halton's accounting system.

Creation of Reserves

A Board Resolution is required to create a new reserve, other than a reserve that falls under one of the exceptions outlined below. The Resolution is typically recommended by staff in the annual year-end report though may also be recommended in a separate report when a specific transaction takes place.

For non-discretionary reserves that are required under legislation or a contract with others such as land sale reserves and funds provided by others for future expenses, staff are authorized to create the reserves, with the details to be included in future Board reports.

A staff recommendation to the Board for the creation of a new reserve will include:

- rationale for creating and purpose of the reserve
- funding source
- target balance for reserve if applicable
- amount and timing of projected disbursements if known

Transfers to/from Reserves

Transfers to reserves must be approved by a Board Resolution, unless the transfer relates to one of the non-discretionary reserve exceptions outlined above and is required by legislation or contract. A Resolution to transfer funds to a reserve can be a one-time lump sum amount or can be a principle for staff to follow such as for funding the Stabilization Reserve.

All transfers from reserves for the use of reserve funds must be approved by a Board Resolution. When funds are to be transferred out of a non-discretionary reserve, staff will confirm that the use of the funds is consistent with the legislated or contracted requirement when presenting the recommended Resolution to the Board for consideration.

Investment Income and Reserves

Conservation Halton investment funds are pooled or combined for investment purposes. Investment income will be allocated to reserves consistent with Budget Principles as follows:

- a) Capital Asset Management Reserves – investment revenue is allocated to capital reserves, excluding the Debt Financing Charges Reserve. The investment revenue allocation is detailed in the annual year-end Investment Report to the Board and is based on the average reserve balance for the year and
- b) required by a funding agreement or contract for a non-discretionary reserve.

If a discretionary reserve is considered to have reached a level that is sufficient to meet the future needs that it was established for, the Board may approve the suspending of the allocation of investment income to that reserve.

Reporting

The annual budget process will include detailed information on projected reserve balances and changes in both the preliminary budget and final budgets.

The audited financial statements will indicate the total reserve amounts and the financial statement note disclosure will provide reserve details, compared to prior year.

Conservation Halton Reserves

Conservation Halton's reserves are created and funded with the approval of Board of Directors to ensure funds are available for future events.

Conservation Halton has adopted reserves and reserve financing that considers the following:

- Mitigation of current and future risks
- Reduce exposure to unpredictable revenues
- Multi-year financing of capital projects
- Replacement value of tangible capital assets and
- Asset Management Plan.

The following table includes the type and purpose of the reserve, the reserve target balance and funding sources for the reserve.

Capital Asset Management Reserves

Capital asset management reserves are established to maintain assets in a state of good repair, asset replacement, expansion, or rehabilitation as well as to fund enhancements in assets related to growth or program changes.

Reserve Name: Vehicle and Equipment

Purpose	Target Balance	Funding Source
To fund the replacement of Watershed Management & Support Services (WMSS) vehicles and equipment through purchase or lease obligation as approved in the annual budget.	The target balance will be based on the average annual requirements for the replacement of vehicles and equipment in the Capital Budget and Forecast, based on lifecycle and lease costing information. A minimum reserve balance of 25% of the estimated total vehicle and equipment replacement value will be maintained.	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Surplus financing from completed capital projects • Proceeds from sale or disposal of used equipment • Investment revenue allocation

Reserve Name: Building

Purpose	Target Balance	Funding Source
To fund the replacement, expansion or rehabilitation of Watershed Management and Support Services buildings. This reserve may also be used to fund unforeseen infrastructure renewal activities that may arise as assets deteriorate over their useful life.	The target balance will be based on the average annual requirements in the Capital Budget and Forecast for buildings and lifecycle costing information as determined by Conservation Halton's Facilities Asset Management Plan for WMSS Buildings.	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Contribution from the year-end operating surplus • Surplus funds from completed capital projects • Investment revenue allocation

Reserve Name: Building – State of Good Repair

Purpose	Target Balance	Funding Source
To maintain WMSS buildings in a state of good repair. This reserve will minimize the impact on municipal funding or need for debt financing by ensuring funds are available to renew assets and extend their useful life thereby reducing or delaying the replacement of assets.	The target balance will be based on the average annual requirements in the Capital Budget and Forecast for buildings and lifecycle costing information as determined by Conservation Halton's Facilities Asset Management Plan for WMSS Buildings.	<ul style="list-style-type: none"> • State of Good Repair levy • Contribution from the Operating Budget • Contribution from the year-end operating surplus • Surplus funds from completed capital projects • Investment revenue allocation

Capital Asset Management Reserves		
Reserve Name: Watershed Management Capital – Municipal Funds		
Purpose	Target Balance	Funding Source
<p>To fund capital related expenditures for dams and channels.</p> <p>This reserve will minimize the impact on the municipal funding levy or debt financing by ensuring funds are available to renew assets and extend their useful life thereby reducing or delaying the replacement of assets.</p> <p>This reserve may also be used to fund unforeseen infrastructure renewal activities that may arise as assets deteriorate over their useful life and become inoperable or pose a safety hazard.</p>	<p>The target balance, combined with the Watershed Management Capital – Self Generated Funds will be based on the average annual requirements in the Capital Budget and Forecast for dams and channels, based on lifecycle costing information, as determined by Conservation Halton's Asset Management Plan.</p>	<ul style="list-style-type: none"> • Municipally funded State of Good Repair levy • Other contributions from municipal funding partners • Surplus funds from completed capital projects • Investment revenue allocation
Reserve Name: Watershed Management Capital – Self Generated Funds		
Purpose	Target Balance	Funding Source
<p>This reserve is used to fund capital related expenditures for dams and channels through the annual budget. The reserve may also be used to fund emergency capital requirements outside of the annual budget process, over-expenditures in capital projects and will provide financing for capital projects where tenders exceed approved budgets.</p>	<p>The target balance, combined with the Watershed Management Capital – Municipal Funds Reserve, will be based on the average annual requirements in the Capital Budget and Forecast for dams and channels, based on lifecycle costing information, as determined by Conservation Halton's Asset Management Plan.</p>	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Contribution from the year-end operating surplus • Surplus funds from completed capital projects • Investment revenue allocation
Reserve Name: Digital Transformation		
Purpose	Target Balance	Funding Source
<p>This reserve is used to fund digital transformation initiatives primarily related to information technology (IT) infrastructure upgrades beyond the annual IT operating and capital budget amounts. These amounts may include significant one-time or unforeseen IT capital expenses and may provide financing for IT capital projects where tenders exceed approved budgets.</p>	<p>The target balance will be based on the average annual requirements in the annual Budget and Forecast.</p>	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Contribution from the year-end operating surplus • Surplus funds from completed capital projects • Investment revenue allocation

Capital Asset Management Reserves

Reserve Name: Land Securement

Purpose	Target Balance	Funding Source
To fund the acquisition of property to meet Conservation Halton needs as determined through the Land Securement Strategy.	The target balance will be based on amounts to be determined through the Land Securement Strategy	<ul style="list-style-type: none"> • Municipal reserve funding in the Operating Budget • Contribution from the Operating Budget • Contribution from the year-end operating surplus • Proceeds from the sale of property (except provincially funded owned land sale proceeds that must be restricted) • Investment revenue allocation

Reserve Name: Property Management

Purpose	Target Balance	Funding Source
To fund property management capital expenses in the budget, significant one-time property management expenses and unforeseen capital requirements outside of the annual budget process, over-expenditures in capital projects and will provide financing for capital projects where tenders exceed approved budgets. This reserve may also be used to fund property acquisitions when the land securement reserve is insufficient.	The target balance will be based on the average annual requirements in the annual Budget and Forecast.	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Contribution from the year-end operating surplus • Investment revenue allocation

Capital Asset Management Reserves

Reserve Name: Debt Financing Charges Capital

Purpose	Target Balance	Funding Source
<p>To fund the replacement, expansion or rehabilitation of Watershed Management and Support Services assets.</p> <p>This reserve may also be used to fund unforeseen infrastructure renewal activities that may arise as assets deteriorate over their useful life.</p> <p>This asset may fund the repayment of long-term debt balances owing.</p>	<p>There is no target associated with this reserve. A minimal balance means the Operating Budget reflects reasonably accurate debt financing charges.</p>	<ul style="list-style-type: none"> The difference between municipal debt financing charges budgeted and the actual debt financing charges incurred is transferred to this reserve at year-end to avoid overstating the annual operating surplus.

Reserve Name: Conservation Areas - Capital

Purpose	Target Balance	Funding Source
<p>To fund capital related expenditures for Conservation Areas infrastructure, vehicle and equipment assets through purchase or lease obligation included in the annual budget. It may also be used to fund emergency capital requirements outside of the annual budget process, over-expenditures in capital projects, and will provide financing to capital projects where tenders exceed approved budgets.</p> <p>This reserve may also be used to fund unforeseen infrastructure renewal activities that may arise as assets deteriorate over their useful life and become inoperable or pose a safety hazard.</p>	<p>The target balance will be based on the average annual requirements in the Capital Budget and Forecast for fleet vehicle lease costs, buildings, and lifecycle costing information as determined by Conservation Halton's Asset Management Plan. The minimum reserve balance will be \$150,000.</p>	<ul style="list-style-type: none"> Contribution from the Operating Budget Contribution from the year-end operating surplus Surplus funds from completed capital projects Investment revenue allocation

Stabilization Reserves

Stabilization reserves are established to address in-year uncontrollable or unanticipated changes in revenues or costs that are operational in nature.

Reserve Name: Watershed Management & Support Services Stabilization

Purpose	Target Balance	Funding Source
To provide financial resources to respond to unforeseen events in the Watershed Management & Support Services programs. This reserve will be used to accommodate fluctuations in operating revenue and expenses and to protect against unforeseen expenditures that are typically one-time in nature, or unanticipated deficits that may occur in the fiscal year. This reserve also serves as a long-term financing tool to smooth impacts of municipal funding changes due to growth in programs and services.	The Government Finance Officers Association recommends that Stabilization should be 5% to 15% of operational revenues or one to two months of operational expenditures. The guideline for WMSS programs will be 10 – 15 % of annual operating revenues based on the previous three-year actual average.	<ul style="list-style-type: none">• Contribution from the Operating budget• Contribution from the year-end operating surplus

Reserve Name: Conservation Areas - Stabilization

Purpose	Target Balance	Funding Source
To provide financial resources to respond to unforeseen events in Conservation Areas Parks Operations. This reserve will be used to accommodate fluctuations in operating revenue and expenses and to protect against unforeseen expenditures that are typically one-time in nature, or unanticipated deficits that may occur in the fiscal year.	5 - 10% of annual operating revenues for Conservation Areas based on the previous three-year actual average. The guideline for the Conservation Areas is less than WMSS programs due to the seasonality of revenues and ability to more easily reduce seasonal expenses, such as staffing.	<ul style="list-style-type: none">• Contribution from the Operating Budget• Contribution from the year-end operating surplus

Operating Reserves

Operating reserves are established to address in-year unanticipated significant operating expenses not included in the budget.

Reserve Name: Legal – Planning & Watershed Management

Purpose	Target Balance	Funding Source
To provide a funding source for unbudgeted or extraordinary legal costs and judgments associated with litigation or other Planning & Watershed Management department legal matters. This reserve is not intended to fund day to day legal expenditures contained in the operating budget.	The target balance will be based on 50% of the respective three-year average actual Planning & Watershed department legal expenses.	<ul style="list-style-type: none">• Contribution from the Operating Budget• Contribution from year-end operating surplus• Surplus fees earned from compliance violations

Reserve Name: Legal – Corporate

Purpose	Target Balance	Funding Source
To provide a funding source for unbudgeted or extraordinary legal costs, severance payments and judgments associated with litigation or other legal matters. This reserve is not intended to fund day to day legal expenditures contained in the operating budget.	The target balance will be based on 50% of the three-year average actual respective legal and related expenses.	<ul style="list-style-type: none">• Contribution from the Operating Budget• Contribution from year-end operating surplus• Surplus fees earned from compliance violations

Program Designated Reserves

Program designated reserves are established to fund the operating and capital expenses of the designated programs and projects associated with the reserve funding source.

Reserve Name: Water Festival

Purpose	Target Balance	Funding Source
To provide a funding source for unbudgeted or uncontrollable funding decreases, such as school board program changes, or expenses associated with the Water Festival event. This reserve will ensure the long-term sustainability of the Water Festival.	The target balance will be based on the Water Festival Budget and Forecast requirements.	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Contribution from year-end operating surplus • Water Festival Funding received in excess of related expenses

Reserve Name: Stewardship and Restoration

Purpose	Target Balance	Funding Source
To provide a funding source for the carrying out of Stewardship, Restoration and Outreach projects and events and to meet requirements for ongoing project monitoring and operating expenses and, finance project over-expenditures where tenders exceed approved budgets.	The target balance will be based on the Stewardship, Restoration and Outreach Budget and Forecast requirements.	<ul style="list-style-type: none"> • Contribution from the Operating Budget • Contribution from year-end operating surplus • Stewardship and Restoration project funding received in excess of related expenses

REPORT TO: Conservation Halton Board of Directors

REPORT NO: # CHBD 03 22 08

FROM: Marnie Piggot, Director, Finance

DATE: March 24, 2022

SUBJECT: 2021 Year end Capital Projects Update

Recommendation

THAT the Conservation Halton Board of Directors **approves the closing of capital projects noted in the Capital Project Summary Financial Appendix;**

And

THAT an increase of \$40,000 to the budget of the Flood Plain Mapping - Urban Milton capital project **be approved based on an extension by the National Disaster Mitigation Program (NDMP) and associated NDMP grant and the balance from Halton Region Flood Plain Mapping.**

Report

The attached Capital Project Summary Financial Appendix (Appendix D) provides an overview of the work carried out in 2021. The summary includes the budget, life to date costs and the budget amount remaining to be spent. The 2021 costs include work on projects carried over from prior year budgets. Also detailed are funding sources for projects and project status.

Capital project work completed in 2021 totaled \$3,701,745. Life to date costs for these capital projects amount to \$5,909,774 or 54% of the total capital budget of \$10,999,525.

Closing of Capital Projects

The capital projects recommended to be closed are noted on the attached Capital Project Summary Financial Appendix (Appendix D), Project Status column as "CLOSE." These projects have either been completed or are annual projects such as information technology (IT) 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.

Capital Projects Budget Variances

Hilton Falls Dam diversion structure upgrade construction was completed by the end of 2021 at a total cost of \$630,992 and exceeded the budget of \$609,000 by \$21,992 or 3.6%. The cost increase was related to unanticipated site conditions that required additional excavation and backfill at the site. The increased cost is offset by savings in other dams and channel capital projects that can accommodate the over-expenditure and are funded 50% provincially (WECI) and 50% municipally through the State of Good Repair Reserve. Dams and channels capital projects receiving WECI

funding for the provincial fiscal 2021-2022 year will be closed in 2022 after the submission of the final grant report to the Ministry in March 2022.

Flood Plain Mapping capital project for Urban Milton exceeds the budget of \$466,626 in 2021 by \$3,012. This project was approved by the National Disaster Mitigation Program (NDMP) in principle for an extension to March 2023 and additional NDMP grant up to \$27,500. This funding is based on additional estimated costs of \$40,000. The project scope increased in discussion with the Town of Milton to evaluate model methodologies with consultant assistance, resulting in the extended project timeline. It is recommended that the project budget is increased by \$40,000 for the increased costs including expenses to date and that the additional costs are funded by the NDMP grant and the balance from Halton Region flood plain mapping.

Kelso/Glen Eden Ski capital expenses in 2021 of \$568,289 exceed the budget amount of \$500,000 by \$68,289. These expenses include the purchase of a used groomer for \$96,379 that was not anticipated in the 2021 budget. This groomer purchase is anticipated to delay the need for a new groomer purchase and reduce 2022 capital budget costs, which included a groomer at an estimated cost of \$450,000. Also contributing to the budget variance was the major repair to a ski lift gear box estimated to cost \$100,000 in the budget and actual required costs upon detailed inspection were \$163,219. The increased costs can be accommodated by estimated savings in Facility and Infrastructure capital works of \$68,289 that can be closed.

Municipal Debt Financing

Capital projects funded by municipal debt financing include 50% of the Scotch Block Dam repairs, the Morrison Wedgewood Channel Spill design, and Milton Channel Main & Millside Slab Repair with 2021 total costs of \$406,872. These amounts are within the approved capital project budget amounts to be debt financed.

Debt financing is repaid to Halton Region over a twenty-year period with interest at 3.0% except for the Kelso Dam capital costs that are being repaid over thirty years at a 3.2% interest rate. Annual debt financing repayments are included in the operating budget. The amount of the loan owing to Halton Region at December 31, 2021 is \$4,831,226, plus debt financing for 2021 capital projects invoiced in 2022 of \$203,436.

Impact on Strategic Goals

This report supports the Momentum priority of Organizational Sustainability.

Financial Impact

The report outlines the capital project work completed in 2021. In summary, total capital projects costs were within the total funding amounts approved in 2021 and prior year budgets, unless otherwise noted above.

Signed & respectfully submitted:



Marnie Piggot
Director, Finance

Approved for circulation:



Hassaan Basit
President & CEO/Secretary-Treasurer

FOR QUESTIONS ON CONTENT:

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CONSERVATION HALTON
CAPITAL PROJECT SUMMARY FINANCIAL APPENDIX
DECEMBER 31, 2021

Capital Project Description	Total Capital Budget	Prior Year Capital Costs	2021 Capital Costs	Total Capital Costs	Total Unspent	Project Status	Capital Project Funding
Watershed Management & Support Services (WMSS)							
Milton Channel Main & Millside Slab Repair	\$ 255,927	\$ -	\$ 175,905	\$ 175,905	\$ 80,022		50% MNRF; 50% Debt Financing
Kelso Dam Lift Gates and Hoists Refurbishment	293,000	17,031	38,169	55,200	237,800		50% MNRF; 50% Reserve
Hilton Falls Dam Diversion Structure Upgrade Construction Phase 2	609,000	-	630,992	630,992	(21,992)		50% MNRF; 50% Reserve
Hilton Falls Dam Construction Phase 1 (2020)	220,000	168,360	26,251	194,611	25,389	CLOSED 6/21	50% MNRF; 50% Reserve
Hilton Falls Dam Safety Repairs & Electrical Upgrades	150,000	46,491	108,827	155,318	(5,318)	CLOSED 6/21	50% MNRF; 50% Reserve
Morrison Wedgewood Channel Spill Study	100,000	78,057	51,092	129,149	(29,149)	CLOSED 6/21	50% MNRF; 50% Debt Financing
Scotch Block Dam Safety Repairs	300,000	72,142	191,062	263,204	36,796	CLOSED 6/21	50% MNRF; 50% Debt Financing
Kelso Dam Safety Repairs	110,000	55,069	44,714	99,784	10,217	CLOSED 6/21	50% MNRF; 50% Reserve
Channel Replacement Study	50,000	16,052	33,862	49,914	86	CLOSED 6/21	50% MNRF; 50% Reserve
Emerald Ash Borer **	829,889	-	772,225	772,225	57,664		Municipal - EAB; Lumber sales
Forest Management - LDD Spray**	78,000	-	60,473	60,473	17,527	CLOSE	Municipal; Reserve
Flood Forecasting & Warning **	151,525	-	25,663	25,663	125,862		Municipal
Floodplain Mapping - 2019 (Urban Milton & Morrison-Wedgewood)	466,626	464,179	5,459	469,638	(3,012)		50% Federal NDMP; 50% Municipal
Floodplain Mapping - 2020 budget	330,000	-	113,153	113,153	216,847		Other Municipal Halton Region
Floodplain Mapping - 2021 budget (East Burlington Creeks)	500,000	-	270,816	270,816	229,184		50% Halton Region; 50% NDMP
Watershed Planning	25,000	-	-	-	25,000		Municipal
Watershed Database Management System	75,000	31,731	-	31,731	43,269		Municipal
Facility & Admin. Office Renovations - non SOGR	779,000	159,333	61,065	220,398	558,602		Reserve - Building
Facility & Admin. Office - State of Good Repair (SOGR)	172,136	54,282	4,038	58,320	113,816		Reserve - Building SOGR
Operations Centre Study and Design	100,000	-	-	-	100,000		Reserves
Information Technology **	171,078	-	117,470	117,470	53,608		Municipal
Digital Transformation **	201,047	-	-	-	201,047		Municipal
Asset Management Plan	-	-	2,621	2,621	(2,621)		Future Municipal; 2022 budget
Financial system upgrades	75,000	-	-	-	75,000		Municipal
Website Upgrade	100,000	-	58,969	58,969	41,031		Municipal; Reserves
Payroll System Upgrade - Phase 2 (Phase 1 Completed)	89,500	69,736	1,109	70,845	18,655	CLOSE	Municipal; Reserves
GIS Imagery Data Acquisition (Lidar; Ortho)	115,000	10,446	10,722	21,168	93,832		Municipal
Vehicle and Equipment Replacements	167,562	-	47,044	47,044	120,518	CLOSE	Reserve; Vehicle Sales
Land Securement	-	-	(2,302)	(2,302)	2,302	CLOSE	Land proceeds; Reserve transfer
Giant's Rib Geopark	200,000	-	-	-	200,000		Other funding
Property Management	50,000	-	-	-	50,000		Municipal
Speyside Weir Removal	176,000	-	-	-	176,000		Reserve
Conservation Areas:							
Kelso/Glen Eden - Water/Wastewater Servicing	704,035	627,593	-	627,593	76,442		Reserve & Dev. Contribution funds
Kelso & Crawford Lake Visitor Centres (Dev. Contr'n Projects)	625,000	162,521	-	162,521	462,479		Dev. Contribution funds
Kelso/Glen Eden - Ski/Snowboarding Capital Expenditures	500,000	-	568,289	568,289	(68,289)	CLOSE	Reserve
Facility and Infrastructure Major Maintenance **	502,288	-	93,828	93,828	408,460	CLOSE \$68,289	Reserve
Enhancing Trail Systems and Park Infrastructure	1,041,500	-	45,132	45,132	996,369		ICIP Grant
Foundation Funded Capital Projects	100,000	-	-	-	100,000	CLOSE	CH Foundation
Information Technology Infrastructure**	203,000	-	84,297	84,297	118,703		Reserve
PCI Compliance	235,000	175,007	-	175,007	59,993	CLOSE	Reserve 95%; Municipal 5%
Vehicle and Equipment replacements	148,412	-	60,799	60,799	87,613	CLOSE	Reserve; Vehicle Sales
Total Capital Projects	\$10,999,525	\$2,208,029	\$3,701,745	\$5,909,774	\$5,089,751		