

**AUDIT AND BUDGET (FINANCE)
COMMITTEE MEETING
ON-LINE TELECONFERENCE**

**Thursday, July 30, 2020
9:30 a.m.**

A G E N D A

1. APPROVAL OF AGENDA

2. DECLARATIONS OF CONFLICT OF INTEREST

3. APPROVAL OF THE MINUTES

- a) Minutes of the NPCA Audit and Budget Committee meeting dated April 29, 2020

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4. CORRESPONDENCE

5. DELEGATIONS / PRESENTATIONS

6. CONSENT ITEMS

- a) Report No. A&BC-07-2020 RE: Financial Report – Q2 – 2020 – (For Receipt)

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- b) Report No. A&BC-08-2020 RE: COVID-19 – Financial Impact & Scenario Analysis – (For Receipt)

Page #8

7. DISCUSSION ITEMS

- a) Report No. A&BC-09-20 RE: Binbrook Capital Project 2020 - Updated Budget Estimates and Debt Financing - (For Approval)

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- b) Report No. A&BC-10-2020 RE: 2021 Budget Assumptions -To be Tabled – (For Approval)

8. NEW BUSINESS

9. ADJOURNMENT

**AUDIT AND BUDGET COMMITTEE
ON-LINE TELECONFERENCE
MEETING MINUTES
Wednesday, April 29, 2020
9:30 a.m.**

MEMBERS PRESENT: K. Kawall, Chair
S. Beattie
R. Foster
B. Mackenzie
J. Metcalfe
B. Steele
M. Woodhouse

STAFF PRESENT: C. Sharma, Chief Administrative Officer/Secretary–Treasurer
G. Bivol, Executive Co-ordinator to the C.A.O/Board
A. Christie, Director, Operations & Strategic Initiatives
L. Gagnon, Director Corporate Services

OTHER: S. Plugers, KPMG

Chair Kawall called the meeting to order at 9:31 a.m.

1. APPROVAL OF AGENDA

Recommendation No. A&BC-12-2020

Moved by Board Member Steele

Seconded by Board Member Beattie

THAT the Audit and Budget Committee Meeting agenda dated Wednesday, April 29, 2020 **BE APPROVED** as presented.

CARRIED

2. DECLARATIONS OF CONFLICT OF INTEREST

None declared.

3. APPROVAL OF THE MINUTES

a) Minutes of the NPCA Audit and Budget Committee meeting dated March 12, 2020

Recommendation No. A&BC-13-2020

Moved by Board Member Foster

Seconded by Board Member Woodhouse

THAT the minutes of the Audit and Budget Committee meeting dated March 12, 2020 **BE APPROVED**.

CARRIED

4. CORRESPONDENCE

None.

5. DELEGATIONS / PRESENTATIONS

- a) Presentation by Scott Plugers, KPMG, RE: Audited Financial Statements and Audit Findings Report

Recommendation No. A&BC-14-2020

Moved by Board Member Beattie

Seconded by Board Member Steele

THAT the presentation by Scott Plugers, KPMG, RE: Audited Financial Statements and Audit Findings Report **BE RECEIVED**.

CARRIED

6. CONSENT ITEMS

None.

7. DISCUSSION ITEMS

- a) Report No. A&BC-05-2020 RE: 2019 Audited Financial Statements

Recommendation No. A&BC-15-2020

Moved by Board Member Woodhouse

Seconded by Board Member Metcalfe

1. **THAT** Report No. A&BC-05-2020 RE: 2019 Audited Financial Statements **BE RECEIVED**.

2. **THAT** the 2019 Audited Financial Statements and the 2019 Audit Findings Report **BE RECOMMENDED** to the Board of Directors for approval.

CARRIED

Recommendation No. A&BC-16-2020

Moved by Board Member Steele

Seconded by Board Member Metcalfe

THAT management **PRESENT** a 2019 variance analysis of revenues and expenses at the next Board of Directors meeting.

CARRIED

- b) Report No. A&BC-04-2020 RE: Financial Report - Q1 - 2020

Recommendation No. A&BC-17-2020

Moved by Board Member Beattie

Seconded by Board Member Foster

THAT Report A&BC 04-2020 Respecting Financial Report – Q1 - 2020 **BE RECEIVED** for information.

CARRIED

- c) Report No. A&BC-06-20 RE: Audit and Budget Committee Terms of Reference and 2020 Work Plan

Recommendation No. A&BC-18-2020

Moved by Board Member Beattie

Seconded by Board Member Metcalfe

1. **THAT** Report No. A&BC-06-20 RE: The Audit and Budget Committee be renamed the Finance Committee and the Terms of Reference and 2020 Work Plan **BE RECEIVED** for information.
2. **THAT** the proposed changes to the Audit and Budget Committee Terms of Reference attached as Appendix 1 to Report No. A&BC-06-20 **BE APPROVED**.
3. **THAT** the 2020 Audit and Budget Committee Work Plan attached as Appendix 2 to Report No. A&BC-06-20 **BE APPROVED**.
4. **THAT** the final Audit and Budget Committee Terms of Reference **BE APPENDED** to the updated NPCA Administrative By-Law to be presented for Board approval in 2020;
5. **AND FURTHER THAT** until the approval of the updated Administrative By-Law and associated Terms of Reference, the Audit and Budget Committee **CONTINUE** to conduct its business per existing Terms of Reference dated September 18, 2019.

CARRIED

- d) Report No. A&BC-03-2020 RE: Establishing a 2020 Audit and Budget Committee Meeting Calendar

Recommendation No. A&BC-19-2020

Moved by Board Member Beattie

Seconded by Board Member Foster

1. **THAT** Report No. A&BC-03-2020 RE: Establishing a 2020 Audit and Budget Committee Meeting Calendar **BE RECEIVED**.
2. **THAT** meetings for the NPCA Audit and Budget Committee for 2020 **BE ESTABLISHED** as: Thursday, July 29 and Thursday, October 28.

CARRIED

8. NEW BUSINESS

The Committee discussed matters to be brought forward to the Board's attention.

9. ADJOURNMENT

Recommendation No. A&BC-20-2020

Moved by Board Member Metcalfe

Seconded by Board Member Foster

THAT the Audit and Budget Committee meeting of April 29, 2020 be hereby adjourned at 11:30 a.m.

CARRIED

K. Kawall
Committee Chair

C. Sharma
C.A.O. / Secretary - Treasurer

Report To: Audit and Budget (Finance) Committee

Subject: Financial Report – Q2 - 2020

Report No: A&BC-07-20

Date: July 30, 2020

Recommendation:

THAT Report A&BC-07-20 RE: Financial Report – Q2 - 2020 **BE RECEIVED** for information.

Purpose:

The purpose of this report is to provide the Audit and Budget (Finance) Committee with a summary of operating and capital expenditures and to provide a comparison of actual results to the budget as approved by the Board.

Discussion:

The report confirms the general financial oversight and compliance with Public Sector Accounting Board Standards.

Financial Implications:

The Revenue and Expenditure lines are within budget allocations identified during the budget preparation and approval cycle.

Related Reports and Appendices:

Appendix 1 – 2020 Operating Statement – Q2

Appendix 2 – Capital Projects 2020 – Q2

Prepared by:

Original Signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services

Submitted by:

Original Signed by:

Chandra Sharma, MCIP, RPP
Chief Administrative Officer/
Secretary-Treasurer

**NIAGARA PENINSULA CONSERVATION AUTHORITY - CONSOLIDATED
2020 OPERATING STATEMENT - Q2 - 2020**

Appendix 1 - Report No. A&BC-07-20	Year to Date				Annual Budget	Comments
	Actual	Budget	Var AB	Var AB %		
SOURCE OF FUNDS						
Municipal Funding	\$ 3,057,988	\$ 2,910,152	\$ 147,836	5.08%	\$ 6,121,000	Timing - municipal levy budgeted monthly; received quarterly
Provincial Funding	170,752	170,586	166	0.10%	349,185	Variance not material
Federal Funding	25,000	44,946	-19,946	-44.38%	100,000	Timing - Fed cash flow
Park Operations	182,571	673,526	-491,970	-73.04%	2,016,850	Covid-19 pandemic
Permits and Regulatory Fees	201,950	193,554	8,396	4.34%	387,108	Variance not material
Other Revenue	433,740	219,792	213,948	97.34%	520,227	Canada Emergency Wage Subsidy (CEWS)
TOTAL REVENUES / SOURCE OF FUNDS	\$ 4,072,001	\$ 4,212,556	-\$ 141,570	-3.36%	\$ 9,494,370	
USE OF FUNDS						
Salaries and Benefits	\$ 2,639,844	\$ 2,783,363	\$ 143,519	5.16%	\$ 6,141,278	Gapping of both vacant and growth positions; pandemic avoided costs
Other Employee Related Expenses	73,035	118,271	45,236	38.25%	235,892	Staff training (covid impact)
Board and Volunteer	8,056	35,601	27,545	77.37%	71,200	Board expenses (covid impact / virtual meetings)
Professional Fees	120,696	305,458	184,762	60.49%	661,500	Legal fees (H/R), timing on legals, consulting & lab analysis
Occupancy Costs	195,783	274,404	78,621	28.65%	548,803	Timing - calendarization of utilities and other variable costs
Vehicles and Equipment	96,661	91,157	-5,504	-6.04%	246,020	Variance not material
Park Maintenance	154,227	221,780	67,553	30.46%	468,000	Reduced maintenance expenses due to covid park closures
Contractor Services	55,952	96,999	41,047	42.32%	194,000	Pandemic related delays
Debt Servicing	2,516	2,514	-2	-0.08%	5,030	Variance not material
Cost and Expenses	119,805	146,884	27,079	18.44%	473,025	Reduced expenses due to impact of covid (cancellations/closures)
Materials and Supplies	35,206	97,407	62,201	63.86%	196,622	Trees, plant material, supplies - covid delays (Restoration)
Marketing and Promotion	85,371	126,503	41,132	32.51%	253,000	Reduced marketing and promo due to pandemic
TOTAL EXPENSES / USES OF FUNDS	\$ 3,587,152	\$ 4,300,341	\$ 713,189	16.58%	\$ 9,494,370	

Niagara Peninsula Conservation Authority - 2020 CAPITAL PROJECTS							Appendix 2 - Report No. A&BC-07-2020			
Project Name	Division	Location/Site	Classification	Priority Ranking	Municipality	Budget Carried Forward	Board Approved Budget 2020	YTD Spend at 31-DEC-2019	YTD Spend at 30-JUN-2020	Total Project Spend at 30-JUN-2020
CAO/Board & Admin										
Multi-Media Equipment	CAO/Board & Admin	HQ - Welland	Operational Efficiency	4	ALL	\$ -	\$ 10,000	\$ -	\$ 6,608	\$ 6,608
Signage - Pollinator Gardens	CAO/Board & Admin	Various	Strategic Initiative	3		\$ -	\$ 25,000	\$ -	NA	NA
Total - CAO/Board & Admin						\$ -	\$ 35,000	\$ -	\$ 6,608	\$ 6,608
Corporate Services										
Asset Management Capital Planning Program	Corporate Services	HQ - Welland	Operational Efficiency	5	ALL	\$ -	\$ 30,000	\$ -	\$ 12,954	\$ 12,954
Data Centre Cyclical Server Refresh	Corporate Services	HQ - Welland	Asset Integrity – Proactive Replacement	4	ALL	\$ -	\$ 23,000	\$ -	\$ 10,180	\$ 10,180
Annual PC Replacements	Corporate Services	Various	Asset Integrity – Proactive Replacement	4	ALL	\$ -	\$ 45,000	\$ -	\$ 39,078	\$ 39,078
Office Network Backup and Archive	Corporate Services	HQ - Welland	Operational Efficiency	4	ALL	\$ -	\$ 6,500	\$ -	\$ 4,352	\$ 4,352
Phone System	Corporate Services	HQ - Welland	Asset Integrity – Imminent Breakdown	5	ALL	\$ -	\$ 50,000	\$ -	\$ 18,322	\$ 18,322
Orthimagery Acquisition - SWOOP	Corporate Services	HQ - Welland	Operational Efficiency	4	ALL	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Natural Areas ELC Mapping Update	Corporate Services	HQ - Welland	Operational Efficiency	4	ALL	\$ -	\$ 200,000	\$ -	NA	NA
Balls Falls Internet Improvement & Infrastructure	Corporate Services	Balls Falls	Strategic Initiative	3	Niagara	\$ -	\$ 40,000	\$ -	\$ -	\$ -
Board Microphones	Corporate Services	Balls Falls	Operational Efficiency	3	ALL	\$ -	\$ 50,000	\$ -	NA	NA
Total - Corporate Services						\$ -	\$ 454,500	\$ -	\$ 84,886	\$ 84,886
Watershed										
OPG - Welland River Watershed (WS-2018-16)	Watershed					\$ -	\$ -	\$ 195,432	\$ 32,858	\$ 228,290
Shriner's Creek Modifications	Watershed	Niagara Falls	Operational Efficiency	3	Niagara	\$ -	\$ 80,000	\$ -	\$ -	\$ -
Flood Plain Mapping - Beaver Creek	Watershed	West Lincoln	Code Compliance and Legislation	4	Niagara	\$ -	\$ 150,000	\$ -	\$ -	\$ -
Flood Plain Mapping - Grimsby/Lincoln	Watershed	Grimsby & Lincoln	Code Compliance and Legislation	4	Niagara	\$ -	\$ 20,000	\$ 111,117	\$ 5,981	\$ 117,098
Flood Plain Mapping - St. Catharines	Watershed	St. Catharines	Code Compliance and Legislation	4	Niagara	\$ -	\$ 25,000	\$ 63,921	\$ 8,981	\$ 72,902
Water Quality Equipment	Watershed	Pelham	Asset Integrity – Proactive Replacement	3	Niagara	\$ -	\$ 35,000	\$ -	NA	NA
Virgil Dam Safety Study	Watershed	Niagara-on-the-Lake	Code Compliance and Legislation	4	Niagara	\$ -	\$ 60,000	\$ -	\$ 20,352	\$ 20,352
Stream Gauge Equipment	Watershed	Various	Operational Efficiency	3	ALL	\$ -	\$ 20,000	\$ -	NA	NA
Karst Hazard Mapping	Watershed	Various	Code Compliance and Legislation	4	ALL	\$ -	\$ 50,000	\$ -	NA	NA
Total - Watershed						\$ -	\$ 440,000	\$ 370,470	\$ 68,172	\$ 438,642
Land Operations										
Treetop Trekking (BB-2019-21)	Land Operations	Binbrook				\$ 87,854	\$ -	\$ 80,601	\$ -	\$ 80,601
Treetop Trekking Building & Amenities	Land Operations	Binbrook				\$ -	\$ 150,000	\$ -	\$ 9,382	\$ 9,382
Binbrook - Septic System	Land Operations	Binbrook	Critical	5	Hamilton	\$ -	\$ 1,500,000	\$ -	\$ 9,446	\$ 9,446
Water Treatment System Upgrades	Land Operations	Binbrook	Strategic Initiative	4	Hamilton	\$ -	\$ 150,000	\$ -	\$ -	\$ -
Tyneside Trail Upgrades - Binbrook	Land Operations	Binbrook	Strategic Initiative	3	Hamilton	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Septic System Replacement Ball's Falls (BF-2017-09)	Land Operations	Balls Falls				\$ 57,323	\$ -	\$ 21,177	\$ 21,832	\$ 43,009
Field Centre Restoration - Balls Falls	Land Operations	Balls Falls	Critical	5	Niagara	\$ -	\$ 35,000	\$ -	\$ -	\$ -
Historical Building Restoration - Balls Falls	Land Operations	Balls Falls	Strategic Initiative	4	Niagara	\$ -	\$ 100,000	\$ -	\$ 94,897	\$ 94,897
Road Upgrade & Drainage - LB North Side	Land Operations	Long Beach				\$ 51,926	\$ 232,000	\$ 23,074	\$ 213,806	\$ 236,880
North Side Comfort Station - Long Beach	Land Operations	Long Beach	Strategic Initiative	4	Niagara	\$ 246,438	\$ 110,000	\$ 3,562	\$ 2,086	\$ 5,648
New Park Signage (CW-2019-37)	Land Operations	Various				\$ 28,625	\$ -	\$ 21,375	\$ 1,500	\$ 22,875
Equipment Sustainment - Land Operations	Land Operations	Various	Asset Integrity – Proactive Replacement	4	ALL	\$ -	\$ 228,280	\$ -	\$ 96,448	\$ 96,448
Cistern - Gainsborough	Land Operations	Gainsborough	Operational Efficiency	4	Niagara	\$ -	\$ 40,000	\$ -	\$ 2,908	\$ 2,908
Workshop Upgrades - Gainsborough	Land Operations	Gainsborough	Asset Integrity – Proactive Replacement	4	Niagara	\$ -	\$ 100,000	\$ -	\$ 45,529	\$ 45,529
Centre for Conservation - Gallery Upgrades	Land Operations	Balls Falls	Strategic Initiative	3	Niagara	\$ 80,000	\$ 80,000	\$ -	\$ (8,000)	\$ (8,000)
Septic Design & Scope - Chippawa Creek	Land Operations	Chippawa Creek	Code Compliance and Legislation	3	Niagara	\$ -	\$ 10,000	\$ -	NA	NA
Barn - Wedding Updates	Land Operations	Balls Falls	Strategic Initiative	4	Niagara	\$ -	\$ 90,000	\$ -	NA	NA
Electrical and Water (Ridge) - Long Beach	Land Operations	Long Beach	Strategic Initiative	4	Niagara	\$ -	\$ 88,000	\$ -	NA	NA
Total - Land Operations						\$ 552,166	\$ 2,923,280	\$ 149,789	\$ 489,834	\$ 639,623
GRAND TOTAL	ALL DIVISIONS					\$ 552,166	\$ 3,852,780	\$ 520,259	\$ 649,500	\$ 1,169,759

Report To: Audit and Budget (Finance) Committee

Subject: COVID-19 – Financial Impact and Scenario Analysis

Report No: A&BC-08-20

Date: July 30, 2020

Recommendation:

THAT Report No. A&BC-08-20 RE: Covid-19 – Financial Impact and Scenario Analysis **BE RECEIVED.**

Purpose:

The purpose of this report is to provide the Board of Directors with an update regarding the financial impact from the Covid-19 pandemic, including various financial scenarios to the end of the 2020 fiscal year.

Background:

In response to the growing threat of COVID-19 and after careful consideration and consultation with the Senior Leadership Team, NPCA offices closed on March 23, 2020. Due to the uncertain, complex and ambiguous effects of Covid-19, NPCA has responded to this fluid situation quickly and efficiently, with the protection of our employees, stakeholders and public interest as a critical priority.

Although the office is closed to the public, staff have been able to continue to provide services by working remotely from home thanks to a significant effort by Information Management (IM) staff. All staff have access to NPCA data, files and network resources through our virtual private network (VPN) and thanks to a recent upgrade to Office 365 and its program called Teams, meetings are continuing virtually. This has enabled staff to stay connected and continue to provide services to the public and our member municipalities.

As the necessity of working remotely continues, staff have continued to identify and implement new processes and technological changes to improve client service.

Financial Implications:

In response to the Covid-19 crisis, staff has committed to provide the Board of Directors with an assessment of the current and projected financial implications related to 2020 budgets. Given that

the Covid-19 crisis continues to evolve, staff has had to make a number of assumptions regarding incremental costs and/or lost revenues in producing this report. Staff has made efforts to capture costs that have been avoided, incremental costs as a result of the pandemic, foregone and deferred revenues, as well as evaluation of government subsidies to offset costs. Staff has been reporting operating and financial impacts of the pandemic to various stakeholders, including municipal partners and Conservation Ontario, and will continue to monitor, update and report on these impacts and assumptions as conditions change.

A full assessment of the actual impact of the Covid-19 pandemic on NPCA operations and financials will be documented and presented to the Board of Directors at the end of 2020.

The expected financial implications and various scenario analytics are attached as Appendix 1. As at June 30, 2020, the net budget pressure is \$56,328. Various scenarios have been drafted for consideration by the Finance Committee when evaluating organizational risk as a result of the pandemic. Each scenario provides a net position impact.

There remains time within the 2020 fiscal year to implement budgetary control and/or costs containment strategies should they be required. Staff have identified a total of \$420,000 in budget recoveries and cost containment strategies to mitigate operational net impacts due to Covid-19. These strategies have not been factored into the scenario analytics at this time.

The Federal government is currently proposing changes to the Canada Emergency Wage Subsidy (CEWS) to both reduce the revenue threshold for eligibility and extend the period to the end of December. Staff are carefully monitoring progress on these changes, given the significant positive impact of our eligibility for funding mechanism. To date, NPCA has applied and received CEWS funding in the amount of \$336,343.

Cash flow is not problematic, given the stability and regular remittance schedule of municipal levies. Bank balance as at the end of June 2020: \$3.8M.

It should be noted that as of December 31, 2019, NPCA's operational reserve balance is \$1.441M.

Related Reports and Appendices:

Appendix 1 – 2020 Operating Budget – Covid-19 Financial Impact

Prepared by:

Original Signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services

Submitted by:

Original Signed by:

Chandra Sharma, MCIP, RPP
Chief Administrative Officer/
Secretary-Treasurer

NIAGARA PENINSULA CONSERVATION AUTHORITY

2020 OPERATING BUDGET - COVID-19 FINANCIAL IMPACT

Appendix 1 - Report No. A&BC-08-20	Original 2020 Budget	Pandemic Impact		Revised 2020 Budget @ 30-JUN	Scenario #1 75% Park Rev	Scenario #2 50% Park Rev	Scenario #3 25% Park Rev	Best Case Scenario	Worse Case Scenario	Likely Scenario
		Revenue	Expenses							
Sources of Funds										
Municipal Funding	6,121,001	-	-	6,121,001	6,121,001	6,121,001	6,121,001	6,121,001	6,121,001	6,121,001
Provincial Funding	349,185	-	-	349,185	349,185	349,185	349,185	349,185	349,185	349,185
Federal Grants	100,000			100,000	100,000	100,000	100,000	100,000	100,000	100,000
Canada Emergency Wage Subsidy (CEWS)		336,343		336,343		334,000	334,000	1,503,000	-	743,406
Interest Income	90,000			90,000	78,750	67,500	56,250	90,000	23,748	23,748
Park Operations	2,016,850			2,016,850	1,190,064	854,233	518,402	1,525,895	518,402	1,257,230
Educational Programming		- 49,440		- 49,440	- 80,000	- 80,000	- 80,000	- 80,000	- 80,000	- 80,000
Weddings & Special Events		- 217,200		- 217,200	- 217,200	- 217,200	- 217,200	- 217,200	- 217,200	- 217,200
Camping and Day use		- 248,142		- 248,142	- 248,142	- 248,142	- 248,142	- 248,142	- 248,142	- 248,142
Permits and Regulatory Fees	387,108			387,108	387,108	387,108	387,108	406,463	387,108	406,463
Miscellaneous	337,101	6,888		343,989	337,101	337,101	337,101	337,101	337,101	337,101
TOTAL REVENUES / SOURCES OF FUNDS	9,401,245	- 171,551	-	9,229,694	8,017,867	8,004,786	7,657,705	9,887,303	7,291,203	8,792,792
Uses of Funds										
Salaries and Benefits	6,141,278			6,141,278	6,141,278	6,141,278	6,141,278	6,141,278	6,141,278	6,141,278
Educational Programming			- 21,013	- 21,013	- 27,513	- 27,513	- 27,513	- 27,513	- 27,513	- 27,513
Weddings & Special Events			- 30,169	- 30,169	- 30,169	- 30,169	- 30,169	- 30,169	- 30,169	- 30,169
Camping and Day use			- 95,776	- 95,776	- 204,653	- 204,653	- 204,653	- 204,653	- 204,653	- 204,653
Other Employee Related Expenses	235,892			235,892	235,892	235,892	235,892	235,892	235,892	235,892
Board and Volunteer	71,200			71,200	71,200	71,200	71,200	71,200	71,200	71,200
Professional Fees	661,500			661,500	661,500	661,500	661,500	661,500	661,500	661,500
Contractor Services	194,000			194,000	194,000	194,000	194,000	194,000	194,000	194,000
Vehicles and Equipment	246,020			246,020	246,020	246,020	246,020	246,020	246,020	246,020
Materials and Supplies	196,622			196,622	196,622	196,622	196,622	196,622	196,622	196,622
Educational Programming			- 6,427	- 6,427	- 6,427	- 6,427	- 6,427	- 6,427	- 6,427	- 6,427
Covid Incremental Expenses (PPE, security, etc.)			38,161	38,161	48,161	48,161	48,161	48,161	48,161	48,161
Marketing and Promotion	253,000			253,000	253,000	253,000	253,000	253,000	253,000	253,000
Occupancy Costs	548,803			548,803	548,803	548,803	548,803	548,803	548,803	548,803
Debt Servicing	5,030			5,030	5,030	5,030	5,030	5,030	5,030	5,030
Park Maintenance	468,000			468,000	468,000	468,000	468,000	468,000	468,000	468,000
Other Operating Expenses	379,900			379,900	379,900	379,900	379,900	379,900	379,900	379,900
TOTAL EXPENSES / USES OF FUNDS	9,401,245	-	115,223	9,286,022	9,180,645	9,180,645	9,180,645	9,180,645	9,180,645	9,180,645
NET SURPLUS / (LOSS)	\$ 0	-\$ 171,551	\$ 115,223	-\$ 56,328	-\$ 1,162,778	-\$ 1,175,859	-\$ 1,522,940	\$ 706,658	-\$ 1,889,442	-\$ 387,853

Report To: Audit and Budget (Finance) Committee

Subject: Binbrook Capital Project 2020 - Updated Budget Estimates and Debt Financing

Report No: AB&C-09-20

Date: July 30, 2020

Recommendation:

1. **THAT** Report No. A&BC-09-20 RE: Binbrook Capital Projects 2020 – Updated Budget Estimates and Debt Financing **BE RECEIVED**.
2. **AND FURTHER THAT** the Board **AUTHORIZES** staff to continue to explore financing options with the City of Hamilton, based on refined budget estimates.

Purpose:

The purpose of this report is to provide the Board of Directors with an update on capital projects submitted for the Binbrook Conservation Area for the 2020 fiscal year and seek approval to provide refined a budget estimate to the City of Hamilton for their consideration and financing of these capital projects.

On January 21, 2020, the 2020 Operating and Capital Budgets were presented to the City of Hamilton's General Issues Committee. The Binbrook Capital Projects were noted as a critical unfunded capital pressure for 2020 in the amount of \$1.776M. This initial estimate has now been refined to \$1.210M. As a result of NPCA staff have been in discussion with Hamilton Finance Staff to begin exploring financing options.

A formal request from the NPCA Board in support of this course of action was requested by City of Hamilton staff

Background:

Binbrook Conservation Area (CA), situated within the municipality of Hamilton, was purchased by the NPCA in 1968. This Conservation Area is a key property within the NPCA land holdings and is situated within a strategic location to attract over half a million residents from Hamilton, Haldimand and west Niagara. The Conservation Area is 396 hectares (978 acres) in size; in which Lake Niapenco represents 174 hectares (430 acres). This reservoir represents the largest inland lake in the Niagara Peninsula watershed, and serves as the headwaters of the Welland River, with an operational dam controlling flow into the Niagara Region.

Binbrook CA has increased substantially in visitor popularity in the last three years and has had a 91% increase in revenue from 2015 to 2019. With the recent additions of tourist attraction services such as Treetop Trekking and Fun Splash Sport Park, and the projected increase in population to Binbrook and the surrounding area, NPCA staff project the attendance of the park to continue to increase in future years, which will in turn continue to improve revenues to the NPCA.

A new Septic System Replacement was first addressed in the 2014 Binbrook Master Plan, which discusses necessary infrastructure upgrades on the property in order to sustain an increase in visitation and area usage. In Section 6.1 of the 2014 Binbrook Master Plan, septic system upgrades are identified as a major concern such that the Plan recommends that this project should be completed between Years One and Three. The current septic system was constructed in the early 1990's and was designed to meet the attendance needs at that time. Since then, Binbrook CA has evolved as one of the leading recreational properties in the Greater Toronto, Hamilton and Niagara area.

Currently, NPCA staff are using various methods to meet visitation and site usage needs in addition to the current septic system. These temporary solutions include pumping out the septic tank four to five times a week, adding additional portable toilets, and closing the washroom facilities for high attendance events. These strategies are currently necessary to operate the park successfully and ensure we comply with health and safety protocols. These strategies are resulting in significant incremental operating expenses. Revenue-generating special events at Binbrook CA, such as Mud Girl and Movie on the Water, cannot generate maximum revenue and visitor satisfaction due to washroom closures and dependence on portable washroom rentals. Further to the increase in operational expenses, the frequent presence of septic pump trucks and portable washrooms within the area does not meet the aesthetic standards and level of quality expected of an NPCA flagship property.

Legislated Requirements

In Ontario, all Wastewater Treatment Systems (including septic systems) with the capacity of more than 10,000 litres/day are regulated under the Ontario Water Resources Act with approvals issued by the Ontario Ministry of the Environment, Conservation, and Parks (MECP).

Prior to applying for an Environmental Compliance Approval for a new communal septic system, the MECP requires that an assessment be completed in order to determine if local groundwater and surface waters would be negatively impacted by the proposed communal septic system. If negative impacts are anticipated, the MECP typically requires that costly specialized wastewater treatment infrastructure be installed, and a stringent performance monitoring and reporting program undertaken.

Preliminary Analysis

In late 2019, the NPCA retained FlowSpec Engineering to undertake this analysis and pre-application consultation with the MECP for a new septic system proposed to be constructed at the Binbrook Conservation Area. As a logical starting point, FlowSpec Engineering reviewed the *'Binbrook Conservation Area Master Plan'* (May 2014) in order to determine the amount of wastewater that would ultimately be generated should all the recommendations in the Master Plan be implemented.

By utilizing design flows from the Ontario Building Code, FlowSpec Engineering determined that a total of 100,000 litres/day of wastewater would be generated by:

- A staff complement of 12 employees;
- An average of 1,500 day-use park visitors per day;
- An additional future public washroom with showers (to be constructed in 5 years as recommended by the Master Plan);
- 100 fully serviced campsites (with individual water, sanitary, and electrical hookups) including a dedicated washroom with showers (to be constructed in 10 years as recommended by the Master Plan);
- A 250 seat multi-purpose reception hall (to be constructed in 10 years as recommended in the Master Plan).

FlowSpec Engineering assumed that a typical Class 4 (i.e. subsurface disposal) septic system comprised simply of a septic tank and leaching bed would be utilized to treat and infiltrate the wastewater. A Class 4 system is relatively economical to construct compared to other treatment options and requires very little ongoing effort to inspect, operate, and maintain. FlowSpec Engineering determined that if the proposed communal septic system was located to the west of the Binbrook Park Workshop, this would afford a sufficient setback to prevent all local surface water and drinking water wells from being negatively impacted by its operation. In August 2019, FlowSpec Engineering forwarded this conclusion to the MECP.

Preliminary Cost Estimate

As part of their scope of work, FlowSpec Engineering provided a preliminary cost estimate to construct this wastewater disposal system. FlowSpec Engineering recommended a budget provision of \$1,500,000 be set aside to design and construct the communal Class 4 septic system (with a capacity to treat 100,000 litres/day) including all required conveyance and collection infrastructure (pipes, pumps, etc.) necessary to transport the wastewater from the various areas in the park to the communal septic system. FlowSpec Engineering recommended that this provision be revisited once the wastewater collection and treatment system design was further refined.

MECP Pre-Consultation Response

In September 2019 the NPCA received written confirmation that the MECP accepted FlowSpec Engineering's conclusions regarding no negative impacts and that no additional specialized wastewater treatment infrastructure or stringent performance monitoring program would be required. The MECP also indicated that the requirements of the MECP pre-consultation process have been met and the project can now move on to the design phase in preparation for a formal submission to the MECP.

Discussion:

In order to advance the project, the NPCA issued a formal Request for Proposal in February 2020 inviting qualified engineering firms to undertake the detailed design of an appropriate wastewater collection and treatment system using the preliminary work FloSpec Engineering had undertaken to inform the proposed design. One of the guiding principles of the project was that the system would be flexible and modular in nature with the ability to be built in phases in order to accommodate any changes to the ultimate vision of the Master Plan as it is implemented over time.

In April 2020, the NPCA retained the consulting engineering firm of R.J. Burnside, a firm of which has extensive expertise and experience in designing on-site wastewater collection and treatment systems for Ontario Parks, Conservation Authorities, and private campgrounds.

Through consultation between R.J. Burnside and NPCA staff, the following decisions with respect to this project were made:

- 1) The project to collect, treat, and dispose of a peak flow rate of 100,000 litres/day would be broken up into Phase 1 (50,000 litres/day) and Phase 2 (50,000 litres/day).
- 2) Phase 1 would provide the infrastructure to allow the Binbrook Conservation Area to service the projected increase in park visitation over the next 10-15 years. This would include the provision to service additional washrooms and shower facilities as recommended in the Master Plan. The projected Phase 1 peak flows are conservatively estimated to be 50,000 litres/day, half of the total peak flow of 100,000 litres/day that FlowSpec had estimated in their preliminary discussions with MECP.

The estimated cost to design and construct the wastewater treatment and collection system associated with Phase 1 was determined to be \$800,000. It was concluded that Phase 1 shall proceed immediately.

- 3) Phase 2 includes a campground comprised of 100 fully serviced sites and a multi-use building with the capacity to accommodate 250 people. Neither of these projects are anticipated to be implemented within the next 15 years, if they are ever constructed at all.

As there is presently much uncertainty regarding the feasibility and location of these two projects, it was decided that the most prudent course of action would be to defer the construction of Phase 2 infrastructure at this time in order to avoid needlessly wasting the investment in the additional infrastructure should these projects not be realized.

Rather, it is proposed to construct the Phase 1 wastewater treatment and disposal system to be easily expanded to readily accommodate the additional Phase 2 peak flow rate of 50,000 litres/day if and when the components of Phase 2 are fully implemented.

Financial Implications:

The 2020 Operating and Capital Budgets were presented to the City of Hamilton's General Issues Committee on January 21, 2020. At that time, NPCA staff identified a significant unfunded pressure required to support critical capital projects for Binbrook in the amount of \$1.776M

As a result of the issues noted above, the estimate for the Binbrook capital projects has been refined, as follows:

• Septic system	\$ 800,000
• Water system	150,000
• Tree Top Trekking building	150,000
• Sub Total	\$1,100,000
• 10 % contingency (procurement & construction)	110,000
Total	\$1,210,000

Projects of this size and magnitude require careful consideration of all available alternatives in terms of financing, including debt. It should be noted that the option to request a full special levy subsidization of this capital pressure was not considered as a viable option at the time of the initial request to the City of Hamilton. Refined budget estimates must be presented to the City of Hamilton for their consideration and further action as per earlier Council and Board direction.

Related Reports and Appendices:

Appendix 1:

- a) Link to minutes of Audit and Budget Committee from October 7, 2019
https://npca.ca/images/uploads/board_files/4d%29_ABCMinutes07.10.19.pdf
- b) Link to minutes of Full Authority Board Meeting October 16, 2019:
https://npca.ca/images/uploads/board_files/FAMinutes_10162019.pdf
- c) Link to minutes of Full Authority Board Meeting February 19, 2020:
https://npca.ca/images/uploads/board_files/Full_Authority_Agenda_-_February_19%2C_2020.pdf

Appendix 2:

- a) Link to 2020 Capital Business Cases and Supporting Documents
- pages 287 to 323 and 345 to 393
https://npca.ca/images/uploads/board_files/FA_October_16_Agenda_Package.pdf

Authored by:

Original signed by:

Lise Gagnon, CPA, CGA
Director, Corporate Services

Original signed by:

Adam Christie,
Director, Operations and Strategic Initiatives

Original signed by:

Steve Miller, P.Eng.
Senior Manager, Water Resources

Submitted by:

Original signed by:

Chandra Sharma, MCIP, RPP
Chief Administrative Officer/Secretary-Treasurer