

**FINANCE COMMITTEE MEETING
ON-LINE VIDEO CONFERENCE**

**Wednesday, July 27, 2022
9:00 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 Finance Committee meeting of March 30, 2022

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4. CORRESPONDENCE

5. DELEGATIONS

6. PRESENTATIONS

7. CONSENT ITEMS

- a) Report No. FC-03-22 RE: Financial Report – Q1 – 2022 (For Receipt)

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- b) Report No. FC-08-22 RE: Financial Report – Q2 – 2022 (For Receipt)

Page # 8

8. DISCUSSION ITEMS

- a) Report No. FC-09-2022 RE: 2023 Budget Planning and Timelines (For Approval)

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9. NEW BUSINESS

10. CLOSED SESSION

- a) Labour Relations, Human Resources or Employee Negotiations

11. ADJOURNMENT

FINANCE COMMITTEE
ON-LINE VIDEO CONFERENCE
MEETING MINUTES
Wednesday, March 30, 2022
9:00 a.m.

MEMBERS PRESENT: S. Beattie
R. Brady
R. Foster
B. Mackenzie
M. Woodhouse

MEMBERS ABSENT: B. Johnson
J. Metcalfe

STAFF PRESENT: C. Sharma, Chief Administrative Officer/Secretary–Treasurer
G. Bivol, Clerk
C. Coverdale, Business and Financial Analyst
L. Gagnon, Director, Corporate Services
S. Miller, Senior Manager, Water Resources

ALSO PRESENT: D. Marks, KPMG
K. Gooden, KPMG

Vice Chair Brady called the meeting to order at 9:02 a.m..

1. APPROVAL OF AGENDA

Recommendation No. FC-01-2022
Moved by Member Mackenzie
Seconded by Member Woodhouse

THAT the Finance Committee meeting agenda dated March 30, 2022 **BE APPROVED.**
CARRIED

2. DECLARATIONS OF CONFLICT OF INTEREST

None declared.

3. APPOINTMENT OF CHAIR/VICE CHAIR

Committee Vice Chair Brady called on Board Chair Robert Foster to preside over the selection of the 2022 Committee Chair positions which culminated in the following motion:

Recommendation No. FC-02-2022
Moved by Member Mackenzie
Seconded by Member Woodhouse

1. **THAT** Stew Beattie **BE ACCLAIMED** as Chair of the NPCA Finance Committee for

2022.

2. **AND THAT** Rick Brady **BE ACCLAIMED** as Vice Chair of the NPCA Finance Committee for 2022.

CARRIED

Chair Beattie presided over the remainder of the meeting.

4. APPROVAL OF THE MINUTES

- a) Minutes of the Finance Committee meeting dated November 4, 2021

Recommendation No. FC-03-2022

Moved by Member Woodhouse

Seconded by Member Brady

THAT the minutes of the Finance Committee meeting dated November 4, 2021, **BE APPROVED**.

CARRIED

5. CORRESPONDENCE

None

6. DELEGATIONS

None

7. PRESENTATIONS

- a) PowerPoint Presentation by David Marks, KPMG RE: Financial Statements and Audit Findings – David Marks and Kimmone Gooden of KPMG presented. Members posed questions and discussion ensued.

Recommendation No. FC-04-2022

Moved by Member Woodhouse

Seconded by Member Brady

THAT the PowerPoint presentation by David Marks, KPMG RE: Financial Statements and Audit Findings **BE RECEIVED**.

CARRIED

8. CONSENT ITEMS

- a) Report No. FC-01-22 RE: Financial Report – Q4 – 2021
- b) Report No. FC-05-22 RE: Banking and Investments – 2021 Activity
- c) Report No. FC-06-22 RE: Procurement – 2021 Activity

d) Report No. FC-07-22 RE: Canada Community Revitalization Fund

Recommendation No. FC-05-2022

Moved by Member Woodhouse

Seconded by Member Brady

THAT the following reports **BE RECEIVED**:

- Report No. FC-01-22 RE: Financial Report – Q4 – 2021;
- Report No. FC-05-22 RE: Banking and Investments – 2021 Activity;
- Report No. FC-06-22 RE: Procurement – 2021 Activity; and
- Report No. FC-07-22 RE: Canada Community Revitalization Fund.

CARRIED

9. DISCUSSION ITEMS

a) Report No. FC-02-22 RE: Finance Committee – 2022 Work Plan

Recommendation No. FC-06-2022

Moved by Member Woodhouse

Seconded by Member Mackenzie

1. **THAT** Report No. FC-02-22 RE: Finance Committee – 2022 Work Plan **BE RECEIVED**.

2. **THAT** the Finance Committee - 2022 Work Plan attached as Appendix 1 **BE APPROVED**.

CARRIED

b) Report No. FC-04-22 RE: 2021 Audited Financial Statements

Recommendation No. FC-07-2022

Moved by Member Mackenzie

Seconded by Member Brady

1. **THAT** Report No. FC-04-22 RE: 2021 Audited Financial Statements **BE RECEIVED**.

2. **THAT** the 2021 Audited Financial Statements and the 2021 Audit Findings Report attached hereto as Appendices 1 and 2 respectively **BE RECOMMENDED** to the Board of Directors for approval.

CARRIED

c) Report No. FC-03-22 RE: Conservation Authorities Act – Update on Inventory of Programs/Services

Recommendation No. FC-08-2022

Moved by Member Woodhouse

Seconded by Member Brady

THAT Report No. FC-03-22 RE: Conservation Authorities Act – Update on Inventory of Programs/Services **BE RECEIVED**.

CARRIED

10. NEW BUSINESS

None

11. ADJOURNMENT

Recommendation No. FC-08-2022

Moved by Member Beattie

Seconded by Member Brady

THAT the Finance Committee meeting **BE ADJOURNED** at 10:06 a.m..

CARRIED

Stew Beattie,
Committee Chair

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

Report To: Finance Committee

Subject: Financial Report – Q1 - 2022

Report No: FC-03-22

Date: July 27, 2022

Recommendation:

THAT Report FC-03-22 RE: Financial Report – Q1 - 2022 **BE RECEIVED.**

Purpose:

The purpose of this report is to provide the 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 – 2022 Operating Statement – Q1

Appendix 2 – Capital Projects 2022 – Q1

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 2022 CONSOLIDATED OPERATING STATEMENT - Q1 - JANUARY 1 TO MARCH 31, 2022						
Appendix 1 - Report No. FC-03-22	Year to date				Annual Budget	Comments
	Actual	Budget	\$ Variance	% Variance		
Source of Funds						
Municipal Funding	1,584,437	1,584,434	3	0.0%	6,337,748	Variance not material
Provincial Funding	89,871	50,000	39,871	79.7%	391,978	Calendarization - RAP, DSWP
Federal Funding	67,500	120,000	-52,500	(43.8%)	120,000	Timing on receipt of RAP funding
Program Revenue	242,425	187,286	55,139	29.4%	3,443,838	Increased day use/seasons passes; planning & permitting
Other	141,716	92,463	49,253	53.3%	564,485	Restoration - unbudgeted Gonders Flats project revenues
Total Revenues/Source of Funds	\$ 2,125,949	\$ 2,034,183	\$ 91,766	4.5%	\$ 10,858,049	
Use of Funds						
Salaries and Benefits, Employee Related	1,381,646	1,620,458	238,812	14.7%	7,475,602	Gapping of vacant positions
Governance	-	13,650	13,650	100.0%	57,600	Timing on recognition of Board expenses
Professional Fees, Contractor Services	36,164	111,850	75,686	67.7%	514,500	Calendarization - legal and consulting (project based delays)
Materials & Supplies, Vehicles & Equipment	76,025	153,888	77,863	50.6%	575,250	Riparian buffers project \$50k - will self correct
Occupancy Costs	159,658	123,426	-36,232	(29.4%)	540,460	Increased utility costs
Park Maintenance	60,773	104,169	43,396	41.7%	580,300	Will self correct by year end - building & ground maintenance
Information Management/GIS	165,107	205,413	40,306	19.6%	418,037	Timing on software licence fees
Marketing, Advertising, Printing, Signs	3,043	27,750	24,707	89.0%	111,000	Outreach and signage expense (timing); outreach event revenue
Special Events (Festival, Holiday Trail)	8,134	20,750	12,616	60.8%	315,600	Timing
Flood Forecasting	10,896	8,077	-2,819	(34.9%)	127,000	Variance not material
Miscellaneous	46,842	46,924	82	0.2%	142,700	Variance not material
Total Expenses/Use of Funds	\$ 1,948,288	\$ 2,436,355	\$ 488,067	20.0%	\$ 10,858,049	
Net Surplus as at March 31, 2022	\$ 177,661	-\$ 402,172	\$ 579,833	144.2%	-	

Niagara Peninsula Conservation Authority - 2022 CAPITAL AND SPECIAL PROJECTS							Appendix 2 - Report No. FC-03-22	
Project Name	Location	Funding			Budget Carried Forward	YTD Spend at 31-DEC-2022	YTD Spend at 31-MAR-2022	Total Project Spend at 31-MAR-2022
		Reserve *	2022	Total Project				
Corporate Services								
Annual PC replacements and Acquisition	Various	-	69,102	69,102		-	-	-
Information Technology Infrastructure Maintenance	Various	-	21,262	21,262		-	-	-
Large Scale Surface Water Inventory Mapping Update	Various	-	106,311	106,311		-	-	-
2021 Digital Terrain Model Update	Various	-	-	-	150,000	-	67,160	67,160
2021 Natural Areas ELC Mapping Update	Various	-	-	-	150,000	-	14,831	14,831
2021 Restoration and Watershed Plan Data Update	Various	-	-	-	150,000	-	20,491	20,491
2021 Restoration Site Design - Lakewood	Various	-	-	-	50,000	-	-	-
2021 Records Management - phased	HQ - Welland	-	-	-	40,000	-	3,739	3,739
2021/2022 Asset Management and Capital Planning	HQ - Welland	-	22,857	22,857		22,072	-	22,072
2021 Financial Reporting & Budgeting Module	HQ - Welland	-	-	-	42,100	42,100	-	42,100
TOTAL - Coporate Services		\$ -	\$ 219,532	\$ 219,532	\$ 582,100	\$ 64,172	\$ 106,221	\$ 170,393
Land Operations								
Balls Falls - Heritage Building Restoration	Balls Falls	-	147,236	147,236		-	53,824	53,824
Balls Falls - Pedestrian Path (Accessibility)	Balls Falls	-	26,292	26,292		-	-	-
Binbrook - Parking Infrastructure Pavillion 2	Binbrook	-	54,784	54,784		-	-	-
Chippawa Creek - Comfort Station Tanks	Chippawa Creek	-	36,809	36,809		-	-	-
Long Beach - Electrical/Water - Ridge (Phase 3)	Long Beach	-	105,169	105,169		-	3,053	3,053
Equipment Sustainment	Central Workshop	-	220,063	220,063		-	12,642	12,642
Hazard Tree Removal and Reforestation	Various	1,868	104,135	106,003		-	-	-
2021/2022 Cave Springs Exterior Infrastructure	Central Workshop	-	131,461	131,461	105,000	27,943	3,627	31,570
2021/2022 Chippawa Creek Roads Infrastructure	Chippawa Creek	-	157,753	157,753	100,000	10,532	-	10,532
2020 CFC Gallery Upgrades	Balls Falls	-	-	-	65,000	14,460	6,149	20,609
2020 Septic System - Binbrook	Binbrook	-	-	-	852,000	813,151	102,142	915,293
2020 Water Treatment System Upgrades	Binbrook	-	-	-	161,837	55,562	53,159	108,721
Total - Land Operations		\$ 1,868	\$ 983,702	\$ 985,570	\$ 1,283,837	\$ 892,729	\$ 222,298	\$ 1,115,026
Watershed								
Floodplain Mapping - Coyle and Drapers Creek	Welland/Pelham	-	120,944	120,944		-		-
Dam Safety Review (Binbrook and Welland River)	Binbrook	-	132,889	132,889		-		-
Shoreline Mapping Update - Lake Erie	Lake Erie	-	157,753	157,753		-		-
Karst Void Mapping	Various	1,588	88,514	90,102		-	-	-
Sustainment - Stream Gauge Equipment	Various	-	21,262	21,262		-		-
Sustainment - Water Quality Equipment	Various	-	26,578	26,578		-		-
2021 Floodplain Mapping - Big Forks Creek	Niagara	-	-	-	150,000	43,511	16,631	60,142
2021 Virgil Dam - Remedial Measures	Niagara	-	-	-	200,000	69,055	24,921	93,976
2020 Flood Plain Mapping - Beaver Creek	Beaver Creek	-	-	-	150,000	43,207	16,631	59,838
Total - Watershed		\$ 1,588	\$ 547,940	\$ 549,528	\$ 500,000	\$ 155,773	\$ 58,183	\$ 213,956
GRAND TOTAL		\$ 3,456	\$ 1,751,174	\$ 1,754,630	\$ 2,365,937	\$ 1,112,674	\$ 386,701	\$ 1,499,375

* Niagara Levy Differential Reserve - Haldimand

Report To: Finance Committee

Subject: Financial Report – Q2 - 2022

Report No: FC-08-22

Date: July 27, 2022

Recommendation:

THAT Report FC-08-22 RE: Financial Report – Q2 - 2022 **BE RECEIVED.**

Purpose:

The purpose of this report is to provide the 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 – 2022 Operating Statement – Q2

Appendix 2 – Capital Projects 2022 – 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
2022 CONSOLIDATED OPERATING STATEMENT - Q2 - JANUARY 1 TO JUNE 30, 2022

Appendix 1 - Report No. FC-08-22	Year to date				Annual Budget	Comments
	Actual	Budget	\$ Variance	% Variance		
Source of Funds						
Municipal Funding	3,173,666	3,168,870	4,796	0.2%	6,337,748	Variance not material
Provincial Funding	187,990	168,466	19,524	11.6%	391,978	Variance not material
Federal Funding	67,500	120,000	-52,500	(43.8%)	120,000	Timing on receipt of RAP funding
Program Revenue	1,311,404	1,105,995	205,409	18.6%	3,443,838	Land Ops: day use, seasons passes, educ program, special events
Other	245,789	231,450	14,339	6.2%	564,485	Variance not material
Total Revenues/Source of Funds	\$ 4,986,349	\$ 4,794,781	\$ 191,568	4.0%	\$ 10,858,049	
Use of Funds						
Salaries and Benefits, Employee Related	3,291,365	3,422,973	131,608	3.8%	7,475,602	Gapping vacant positions
Governance	6,256	30,300	24,044	79.4%	57,600	Calendarization of board exp / hybrid model meetings
Professional Fees, Contractor Services	198,147	239,700	41,553	17.3%	514,500	Timing - legal, consulting, contractor serv (project based delays)
Materials & Supplies, Vehicles & Equipment	269,734	295,676	25,942	8.8%	575,250	Delivery delays (vehicles), timing re equip purchases
Occupancy Costs	319,649	253,352	-66,297	(26.2%)	540,460	Insurance (40% increase) and utilities
Park Maintenance	229,243	269,074	39,831	14.8%	580,300	Will self correct by year end - building & ground maintenance
Information Management/GIS	286,561	296,289	9,728	3.3%	418,037	Variance not material
Marketing, Advertising, Printing, Signs	22,832	55,500	32,668	58.9%	111,000	Outreach and signage expense (timing); outreach event revenue
Special Events (Festival, Holiday Trail)	13,850	38,500	24,650	64.0%	315,600	Scheduling - volunteer recognition
Flood Forecasting	23,044	16,354	-6,690	(40.9%)	127,000	Variance not material
Miscellaneous	98,487	96,748	-1,739	(1.8%)	142,700	Variance not material
Total Expenses/Use of Funds	\$ 4,759,168	\$ 5,014,466	\$ 255,298	5.1%	\$ 10,858,049	
Net Surplus as at June 30, 2022	\$ 227,181	-\$ 219,685	\$ 446,866	203.4%	-	

Niagara Peninsula Conservation Authority - 2022 CAPITAL AND SPECIAL PROJECTS							Appendix 2 - Report No. FC-08-22	
Project Name	Location	Funding			Budget Carried Forward	YTD Spend at 31-DEC-2022	YTD Spend at 30-JUNE-2022	Total Project at 30-JUNE-2022
		Reserve *	2022	Total Project				
Corprate Services								
Annual PC replacements and Acquisition	Various	-	69,102	69,102		-	37,013	37,013
Information Technology Infrastructure Maintenance	Various	-	21,262	21,262		-	-	-
Large Scale Surface Water Inventory Mapping Update	Various	-	106,311	106,311		-	-	-
2021 Digital Terrain Model Update	Various	-	-	-	150,000	-	135,405	135,405
2021 Natural Areas ELC Mapping Update	Various	-	-	-	150,000	-	34,637	34,637
2021 Restoration and Watershed Plan Data Update	Various	-	-	-	150,000	-	45,568	45,568
2021 Restoration Site Design - Lakewood	Various	-	-	-	50,000	-	-	-
2021 Records Management - phased	HQ - Welland	-	-	-	40,000	-	3,739	3,739
2021/2022 Asset Management and Capital Planning	HQ - Welland	-	22,857	22,857		22,072	-	22,072
2021 Financial Reporting & Budgeting Module	HQ - Welland	-	-	-	42,100	49,048	6,948	42,100
TOTAL - Coporate Services		\$ -	\$ 219,532	\$ 219,532	\$ 582,100	\$ 71,120	\$ 249,414	\$ 320,534
Land Operations								
Balls Falls - Heritage Building Restoration	Balls Falls	-	147,236	147,236		-	111,725	111,725
Balls Falls - Pedestrian Path (Accessibility)	Balls Falls	-	26,292	26,292		-		-
Binbrook - Parking Infrastructure Pavillion 2	Binbrook	-	54,784	54,784		-	37,702	37,702
Chippawa Creek - Comfort Station Tanks	Chippawa Creek	-	36,809	36,809		-	22,038	22,038
Long Beach - Electrical/Water - Ridge (Phase 3)	Long Beach	-	105,169	105,169		-	118,554	118,554
Equipment Sustainment	Central Workshop	-	220,063	220,063		-	122,989	122,989
Hazard Tree Removal and Reforestation	Various	1,868	104,135	106,003		-	27,920	27,920
2021/2022 Cave Springs Exterior Infrastructure	Central Workshop	-	131,461	131,461	105,000	27,943	10,373	38,316
2021/2022 Chippawa Creek Roads Infrastructure	Chippawa Creek	-	157,753	157,753	100,000	10,532	142,081	152,613
2020 CFC Gallery Upgrades	Balls Falls	-	-	-	65,000	14,460	6,149	20,609
2020 Septic System - Binbrook	Binbrook	-	-	-	852,000	813,151	110,568	923,719
2020 Water Treatment System Upgrades	Binbrook	-	-	-	161,837	55,562	91,231	146,794
Total - Land Operations		\$ 1,868	\$ 983,702	\$ 985,570	\$ 1,283,837	\$ 892,729	\$ 789,033	\$ 1,681,761
Watershed								
Floodplain Mapping - Coyle and Drapers Creek	Welland/Pelham	-	120,944	120,944		-		-
Dam Safety Review (Binbrook and Welland River)	Binbrook	-	132,889	132,889		-		-
Shoreline Mapping Update - Lake Erie	Lake Erie	-	157,753	157,753		-		-
Karst Void Mapping	Various	1,588	88,514	90,102		-	706	706
Sustainment - Stream Gauge Equipment	Various	-	21,262	21,262		-		-
Sustainment - Water Quality Equipment	Various	-	26,578	26,578		-		-
2021 Floodplain Mapping - Big Forks Creek	Niagara	-	-	-	150,000	43,511	29,711	73,222
2021 Virgil Dam - Remedial Measures	Niagara	-	-	-	200,000	69,055	24,921	93,976
2020 Flood Plain Mapping - Beaver Creek	Beaver Creek	-	-	-	150,000	43,207	25,336	68,543
Total - Watershed		\$ 1,588	\$ 547,940	\$ 549,528	\$ 500,000	\$ 155,773	\$ 80,674	\$ 236,447
GRAND TOTAL		\$ 3,456	\$ 1,751,174	\$ 1,754,630	\$ 2,365,937	\$ 1,119,622	\$ 1,119,121	\$ 2,238,743

* Niagara Levy Differential Reserve - Haldimand

Report To: Finance Committee

Subject: 2023 Budget Planning and Timelines

Report No: FC-09-22

Date: July 27, 2022

Recommendation:

1. **THAT** Report No. FC-09-22 RE: 2023 Budget Planning and Timelines **BE RECEIVED**.
2. **THAT** the budget planning and timelines for the 2023 Operating and Capital Budgets as identified in the report **BE APPROVED** for use in the development of the 2023 budgets, subject to approval by the Board of Directors.
3. **THAT** staff **BE DIRECTED** to include a provision for an economic increase (COLA) to satisfy the terms of the OPSEU collective agreement and address inflationary pressures on non-salary in the spirit of municipal budget guidelines, once released.
4. **THAT** staff **BE DIRECTED** to incorporate all Conservation Authorities (CA) Act amendments, levy regulations and approved programs and services inventory structure into the draft 2023 budgets.
5. **THAT** staff **BE DIRECTED** to continue discussions relative to service level agreements and/or memoranda of understanding with municipal partners.
6. **THAT** a list of current known unfunded priorities **BE PREPARED** for the Board's consideration in conjunction with 2023 budgets.
7. **AND FURTHER THAT** staff **BE DIRECTED** to submit the Preliminary 2023 Budget to the funding municipalities in accordance with their guidelines and schedules.

Purpose:

The purpose of Report No. FC-09-22 is to seek the Finance Committee's input and approval on:

- a) 2023 operating and capital budget planning and associated timelines for the 2023 budget development process and recommendation for approval to the Board of Directors;
- b) List of NPCA unfunded capital pressures, based on a current analysis of critical program gaps.

Background:

In the development of the recommended budget assumptions for the 2023 budget process, Staff have reviewed and considered the following:

- Cost of living adjustments (COLA) and grid step increases
- Inflation (Consumer price index – CPI)
- Multi-year contractual obligations, including OPSEU collective agreement provisions
- Operating and capital unfunded pressures
- Operational impact of the ongoing Covid-19 pandemic
- Focus on internal efficiencies
- Strong focus on external grants and full cost accounting for fee-for service programs to offset pressures on municipal levy
- Budget guidelines from municipal partners
- General economic outlook and political climate
- Impacts on service delivery
- Asset management, state of good repair for asset base, capital funding gaps, deferred capital projects and building a sustainable capital plan
- Current program gaps and pressures
- Impacts and transition of Conservation Act amendments
- Approved Programs and Services Inventory

Discussion and Financial Implications:

On October 4, 2021, Phase 1 regulations were finalized, and specify the programs and services that CA's must provide, set out transition plans and agreements requirements and consolidate the conservation area regulations. The amendments include:

- Ontario Regulation 686/21: Mandatory Programs and Services
- Ontario Regulation 687/21: Transition Plans and Agreements for Programs and Services
- Ontario Regulation 688/21: Rules of Conduct in Conservation Areas.

The Phase 2 regulations and policy under the CA Act have been finalized and are financial and administrative in nature:

- Ontario Regulation 399/22: Amendments to Transition Plans and Agreements for Programs and Services Under Section 21.1.2 of the Act (O. Reg 687/21)
- Ontario Regulation 400/22: Information Requirements
- Ontario Regulation 401/22: Determination of Amounts Under Section 27.2 (2) of the Act (amounts owed buy specified municipalities – Clean Water Act)
- Ontario Regulation 402/22: Budget and Apportionment

O. Reg 687/21 – Transition Plans and Agreements define three categories of CA programs and services:

Category 1: Mandatory programs and services - these programs will be funded through a municipal levy.

Category 2: Municipal programs and services provided at the municipality's request. These programs can be funded through government and other agency grants and/or municipal funding under a memorandum of understanding (MOU) or agreement with the municipality.

Category 3: Other programs and services that an Authority (Board) determines are advisable. These programs can be funded through self-generated revenue, user fees, government and other agency grants, donations, etc. Any use of municipal funding will require an agreement and would be subject to cost apportioning.

O. Reg 402/22 – Budget and Apportionment incorporates two previous levy regulations with references to the 3 categories of programs and services that CA's deliver. The regulation retains the three current methods of apportioning expenses/costs. As part of the budget process, and in keeping with current practice, CA's are required to consider the use of self-generated revenue. As per the legislation, CA's are able to apportion costs for all category 1 (mandatory) programs and services and can only apportion costs for category 2 and 3 programs and services with agreements in place with the municipality(ies). General operating expenses or capital costs (formerly referred to as 'corporate administrative costs') can be levied without agreement.

Apportionment Method – Category 1 Programs and Services

Apportionment Method	When Used
Modified current value assessment (MCVA) method using MPAC data	<i>Operating expenses and capital costs where <u>all</u> participating municipalities benefit (and benefit is not disproportionate)</i>
Benefit-based apportionment method: Determined based on the benefit obtained by each participating municipality(ies)	<i>Operating expenses and capital costs where <u>one or some</u> participating municipalities benefit</i> <i>Operating and capital costs where <u>all</u> participating municipalities benefit <u>and</u> where benefit is disproportionate</i>
By agreement between CA and participating municipality(ies) (where CA has entered into an agreement with municipality(ies) with respect to apportionment)	<i>Operating expenses where <u>one or some</u> participating municipality(ies) municipalities benefit</i> <i>Capital costs where all or some benefit</i>

Levy Apportionment Methods by Category of Programs and Services

Types of Costs	Description
Category 1 – all mandatory programs and services	<ul style="list-style-type: none"> • <i>Operating expenses</i> for programs and services that <u>benefit all</u> participating municipalities (i.e. general levy) would be apportioned using the MCVA or benefit-based methods. • <i>Capital costs</i> that <u>benefit all</u> would use the MCVA, benefit-based or agreement methods. • <i>Capital costs and operating expenses</i> for programs and services that <u>benefit only one or some</u> municipalities (e.g. ice management, certain infrastructure operation/ maintenance costs) may be apportioned by benefit-based or agreement methods.
Category 2 - all municipal programs and services	<ul style="list-style-type: none"> • <i>Capital costs and operating expenses</i> would be apportioned directly and entirely to the participating municipality that has entered into the MOU or other agreement under s. 21.1.1 of CAA with the CA for the CA to provide the program and service on the municipality's behalf.
Category 3 - other programs and services	<ul style="list-style-type: none"> • <i>Capital costs and operating expenses</i> would be apportioned in accordance with cost apportioning agreement. If agreement is silent, then MCVA or benefit-based methods.

Land Acquisition Reserve Contribution

The draft Land Securement Strategy 2022-2032 provides the framework for the NPCA to secure public greenspace effectively using established best practices, sound decision-making, sustainable and innovative financial models, and collaboration.

The NPCA currently owns or manages 41 conservation areas which account for approximately 2,946 hectares (or 1.2%) of lands within its watershed jurisdiction. A long-term land securement strategy, in combination with other watershed-based programs, is necessary to help the NPCA achieve its strategic goals related to increasing biodiversity, habitat connectivity, and natural cover while creating equitable access to greenspace for the health and well-being of people and building relationships with partners, stakeholders, and Indigenous peoples.

The watershed contains a multitude of important natural resources needing protection to sustain life. It is not feasible to secure all the important natural resources in the watershed with limited resources; therefore, land securement criteria are imperative to prioritize areas to be considered and actively pursued. The strategy guides the application of primary criteria focused on watershed features and functions while considering secondary criteria such as parcel size, securement method, and cost.

By collaborating with other land securement organizations and partners, applying for funding where possible, and launching a targeted landowner outreach program, the NPCA can expect to secure a minimum of 180 hectares (i.e., average 20 ha annually, 1 property per year secured) by 2032. As landowner outreach and land securement projects occur, momentum of the land securement program will likely increase and give rise to more landowner and funder/partner

interest. If executed consistently, the more aggressive/optimal land securement target of 360 hectares secured by 2032 (i.e., average of 40 ha annually, two properties per year) may become attainable.

Annual Land Securement Investment Required:

Minimum: \$ 700,000
Optimal: \$1,400,000

Value per hectare derived as an average of the actual land acquisitions since 2019 (Niagara and Hamilton).

Strategic Plan

NPCA's new 10-year strategic plan reaffirms NPCA's commitment to the mandate/purpose of Conservation Authorities in Ontario. This new strategic plan reflects the importance of collaboration between people, communities, and organizations on a collective response to a changing landscape through six overarching priorities and twenty-one specific, measurable goals. The plan builds on the principles of conservation leadership, customer service, collaboration, and accountability to nature. It provides strategic direction for the NPCA and is vital for charting the course of conservation in our watershed toward achieving vibrant and healthy nature for all.

For the first time, the NPCA's strategic plan has a strong focus on outcomes and performance measures. Each of the strategic priorities has specific, measurable, attainable, realistic, and timely goals to ensure the NPCA is delivering on its mandate and desired outcomes as well as comprehensive metrics to measure the success of our organization's activities and to support the achievement of our key performance indicators (KPIs). Strategic actions and priorities will be integrated within the Watershed-based Resource Management Strategy to be developed as a requirement of the updated *Conservation Authority Act* regulations.

With this major milestone completed, the next step is to begin implementing the strategic plan by developing an operational plan, including related budget that sets out specific actions to enable the NPCA to meet its goals in collaboration with our communities and partners from 2021-2031.

Unfunded Pressures

In keeping with the last two budget cycles, an extensive review of unfunded operating and capital pressures is currently underway for the 2023 budget process and included below the line in budget presentations. This critical exercise is intended to identify to stakeholders the required investments in NPCA for long term sustainability of the organization, and support asset management state of good repair protocols.

Please see attached Appendix 1 for 2023 Operating and Capital Budget Schedule.

Relevance to Authority Policy:

NPCA is required to prepare annual budgets as part of the fiscal control and financial responsibilities of the organization. The budget is also used in the audit process for evaluation by the external auditing firm. Annual audits are required as per Section 38 of the *Conservation Authorities Act*.

Related Reports and Appendices:

Appendix 1 – 2023 Operating and Capital Budget Schedule

Available upon request:

1. Land Securement Strategy – 2022 to 2032
2. Strategic Plan – 2021 to 2031

Links To Policy/Strategic Plan:

Financial Sustainability:

Goal 6.1 Ensure responsible, sustainable, and sound fiscal practices

Connecting People to Nature:

Goal 3.1 Create equitable access to greenspace for the health and well-being of people.

Prepared by:

Submitted by:

Original Signed by:

Original Signed by:

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Director, Corporate Services

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

2023 Operating & Capital Budget Schedule

July 21, 2022	2022 Budget Planning Guidelines - Niagara Region
July 27, 2022	2022 budget assumptions approved by Finance Committee
August and Sept. 2022	Consultation with funding municipalities on 2023 budgets and ongoing CA Act amendments
Sept. 16, 2022	2022 budget assumptions approved by Authority Board
September 2, 2022	Budget preparation guidelines to budget owners
August & Sept. 2022	Consultation / meetings with internal stakeholders Development and distribution of capital planning process, policies and templates Operating and Capital Budget analytics
September 30, 2022	2023 Operating and Capital Budgets due to Finance
October 2022	2023 Budget Planning Guidelines - City of Hamilton
October 18, 2022	30 day notice to Municipal Funding partners - NPCA Board approval of 2023 budgets (November 18, 2022)
October 26, 2022	Draft 2023 Operating and Capital Budgets to Finance Committee for recommendation to the Authority Board
November 18, 2022	Draft 2023 Operating and Capital Budgets to the Authority Board for approval to begin negotiations with municipal partners
Nov. & Dec. 2022	Consultation with partner municipalities on 2023 Draft Operating and Capital Budgets and ongoing CA Act amendments
December 8, 2022	Niagara Region budget workshop and presentation
January 26, 2023	2023 Draft Operating and Capital Budgets presentation to Niagara Region Budget Review Committee of the Whole
January 2023	2022 Draft Operating and Capital Budgets - Council presentations: Hamilton and Haldimand (if required)
March/April 2023	2022 Final Operating and Capital Budgets approved by Authority Board
March 2023	Release levy letters to partner municipalities