

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

**Wednesday, July 28, 2021  
9:30 a.m.**

**A G E N D A**

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**1. APPROVAL OF AGENDA**

**2. DECLARATIONS OF CONFLICT OF INTEREST**

**3. APPOINTMENT OF CHAIR / VICE CHAIR**

**4. APPROVAL OF THE MINUTES**

- a) Minutes of the NPCA Finance Committee meeting of May 5, 2021

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**5. CORRESPONDENCE**

**6. DELEGATIONS / PRESENTATIONS**

**7. CONSENT ITEMS**

- a) Report No. FC-09-21 RE: Financial Report – Q2 - 2021 (For receipt)

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**8. DISCUSSION ITEMS**

- a) Report No. FC-10-21 RE: 2022 Operating and Capital Budget Assumptions (For approval)

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- b) Report No. FC-11-21 RE: Banking Policy (to be provided under separate cover) (For approval)

- c) Report No. FC-12-21 RE: Investments Policy (to be provided under separate cover) (For approval)

- d) Report No. FC-15-21 RE: Contract Award – Montague Construction Limited – Binbrook Septic (to be provided under separate cover) (For approval)

- e) Verbal Update RE: Canada Emergency Wage Subsidy (CEWS) and Resolution No. FA-103-2021 (Referred to the Finance Committee for discussion per Board Resolution No. FA-132-2021 dated June 18, 2021)

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**9. NEW BUSINESS**

**10. ADJOURNMENT**

FINANCE COMMITTEE  
ON-LINE VIDEO CONFERENCE  
MEETING MINUTES  
Wednesday May 5, 2021  
9:30 a.m.

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**MEMBERS PRESENT:** K. Kawall, Chair  
S. Beattie (arrived 9:39 a.m.)  
R. Foster  
B. Mackenzie  
J. Metcalfe  
B. Steele  
M. Woodhouse

**STAFF PRESENT:** C. Sharma, Chief Administrative Officer/Secretary–Treasurer  
G. Bivol, Clerk  
A. Christie, Director, Operations  
L. Gagnon, Director, Corporate Services  
G. Shaule, Administrative Assistant

**OTHERS:** S. Plugers, Auditor, KPMG

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

## 1. APPROVAL OF AGENDA

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Recommendation No. FC-08-2021

Moved by Member Steele

Seconded by Member Metcalfe

**THAT** the Finance Committee Meeting agenda dated May 5, 2021 **BE AMENDED** to allow the presentation by Scott Plugers, KPMG and deliberation of Report No. FC-06-21 RE: 2020 Audited Financial Statements following Item 3. Approval of Minutes and prior to 6. Consent items.

**THAT** the Finance Committee Meeting agenda dated May 5, 2021 **BE ADOPTED** as amended.

**CARRIED**

## 2. DECLARATIONS OF CONFLICT OF INTEREST

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None declared.

## 3. APPROVAL OF THE MINUTES

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a) Minutes of the Finance Committee meeting dated Thursday, February 24, 2021

Recommendation No. FC-09-2021

Moved by Member Woodhouse

Seconded by Member Metcalfe

**THAT** the minutes of the NPCA Finance Committee meeting dated February 24, 2021 **BE APPROVED**.

**CARRIED**

#### 4. CORRESPONDENCE

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None.

#### 5. DELEGATIONS / PRESENTATIONS

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None.

#### 7. DISCUSSION ITEMS (As Per Recommendation No. FC-08-2021)

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- b) Report No. FC-06-21 RE: 2020 Audited Financial Statements – In accordance with Recommendation No. FC-08-2021, this item of business was addressed prior to the other reports on the agenda. Lise Gagnon, Director of Corporate Services briefly updated Members and introduced Mr. Plugers, Auditor, KPMG. Mr. Plugers presented and discussed revenues, the financial statements and audit findings report. Questions were posed by Members and discussion ensued.

Recommendation No. FC-10-2021

Moved by Member Metcalfe

Seconded by Member Steele

**THAT** the presentation by Scott Plugers, KPMG regarding the 2020 Financial Statements and Audit Findings **BE RECEIVED**.

**CARRIED**

Recommendation No. FC-11-2021

Moved by Member Foster

Seconded by Member Beattie

1. **THAT** Report No. FC-06-21 RE: 2020 Audited Financial Statements **BE RECEIVED**.

2. **THAT** the 2020 Audited Financial Statements and the 2020 Audit Findings Report attached thereto as Appendices 1 and 2 respectively **BE RECOMMENDED** to the Board of Directors for approval.

**CARRIED**

#### 6. CONSENT ITEMS

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- a) Report No. FC-07-21 RE: Financial Report – Q4 – 2020 - Lise Gagnon presented and Members posed questions.

Recommendation No. FC-12-2021

Moved by Member Steele

Seconded by Member Woodhouse

**THAT** Report No. FC-07-21 RE: Procurement – 2020 Activity **BE RECEIVED**.

**CARRIED**

- b) Report No. FC-08-21 RE: Financial Report – Q1 – 2021 - Lise Gagnon spoke to the report.

Recommendation No. FC-13-2021

Moved by Member Foster

Seconded by Member Steele

**THAT** Report No. FC-08-21 RE: Financial Report – Q1 – 2021 **BE RECEIVED.**

**CARRIED**

## 7. DISCUSSION ITEMS (Continued)

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- a) Report No. FC-05-21 RE: 2021 Operating and Capital Budgets – FINAL - Lise Gagnon, Director of Corporate Services presented. Members posed questions to staff. Discussion ensued.

Recommendation No. FC-14-2021

Moved by Member Steele

Seconded by Member Foster

**THAT** Report FC-05-21 RE: 2021 Operating and Capital Budgets **BE RECEIVED.**

**CARRIED**

## 8. NEW BUSINESS

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None.

## 9. ADJOURNMENT

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The Chair declared the meeting adjourned at 10:47 a.m..

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Ken Kawall,  
Committee Chair

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

**Report To: Finance Committee**

**Subject: Financial Report – Q2 - 2021**

**Report No: FC-09-21**

**Date: July 28, 2021**

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**Recommendation:**

**THAT Report No. FC-09-21 RE: Financial Report – Q2 - 2021 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 – 2021 Operating Statement – Q2

Appendix 2 – Capital Projects 2021 – Q2

**Prepared by:**

*Original Signed by:*

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Lise Gagnon, CPA, CGA  
Director, Corporate Services

**Submitted by:**

*Original Signed by:*

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

**Niagara Peninsula Conservation Authority**  
**2021 CONSOLIDATED OPERATING STATEMENT - Q2 - January 1 to June 30, 2021**

Appendix 1 - Report No. FC-09-21	Year to date				Annual Budget	Comments
	Actual	Budget	Variance	Var %		
<b>Source of Funds</b>						
Municipal Funding	3,101,807	3,106,739	- 4,932	-0.2%	6,213,479	Variance not material
Provincial Funding	173,545	234,771	- 61,226	-26.1%	383,594	Timing only - cash flow from MECP
Federal Funding	71,031	15,800	55,231	0.0%	70,000	Unbudgeted ECCC for Riparian Buffers and Student Wage Subsidy
Park Operations	588,326	552,717	35,609	6.4%	2,183,045	Covid-19 impacts, both positive and negative (offsetting)
Permits and Regulatory Fees	277,955	249,000	28,955	11.6%	498,000	Permit fees exceeding targets
Other Revenue	144,849	199,750	- 54,901	-27.5%	517,000	Timing - will self correct
<b>Total Revenues/Source of Funds</b>	<b>4,357,513</b>	<b>4,358,777</b>	<b>- 1,264</b>	<b>-0.03%</b>	<b>9,865,118</b>	<b>Variance not material</b>
<b>Use of Funds</b>						
Salaries and Benefits	2,748,663	3,239,693	- 491,030	-15.2%	6,625,056	Delay in filling operating positions + savings due to the pandemic
Other Employee Related Expenses	93,198	117,978	- 24,780	-21.0%	236,649	Covid-19 - mileage/staff exp, training offset by incr health/safety
Board and Volunteer	8,743	31,800	- 23,057	-72.5%	63,600	Covid-19 impact
Professional Fees	169,325	354,247	- 184,922	-52.2%	759,843	Legal - \$51K / timing of contractor serv, consulting & lab analysis
Occupancy Costs	220,812	247,622	- 26,810	-10.8%	543,250	Missing office lease billings - processed in July
Vehicles and Equipment	99,491	127,669	- 28,178	-22.1%	275,240	Delivery delay - vehicles budgeted for full year
Park Maintenance	188,205	237,370	- 49,165	-20.7%	514,890	Calendarization - will self correct (tree removal, water main, etc)
Cost and Expenses	142,337	162,896	- 20,559	-12.6%	347,400	Covid-19 impact (Communications) / timing on prog expenses
Materials and Supplies	134,257	104,593	29,664	28.4%	216,690	Unbudgeted Riparian Buffers project - fully offset by ECCC funding
Marketing and Promotion	121,576	172,253	- 50,677	-29.4%	282,500	Covid-19 impacts + timing delays on advertising and marketing
<b>Total Expenses/Use of Funds</b>	<b>3,926,607</b>	<b>4,796,121</b>	<b>- 869,514</b>	<b>-18.1%</b>	<b>9,865,118</b>	
<b>Net Surplus as at June 30, 2021</b>	<b>430,906</b>	<b>- 437,344</b>	<b>868,250</b>		<b>-</b>	

Niagara Peninsula Conservation Authority - 2021 CAPITAL PROJECTS

Appendix 2 - Report No. FC-09-21

Project Name	Location	Funding Source	Munic.	Funding			Budget Carried Forward	YTD Spend at 31-DEC-2020	YTD Spend at 30-JUNE-2021	Total Project Spend at 30-JUNE-2021
				External	2021	Total Project				
<b>Corporate Services</b>										
Annual PC replacements	Various	Special Levy - ALL	All	-	45,000	45,000	-	-	10,222	10,222
Data Centre Network Upgrades	HQ - Welland	Special Levy - ALL	All	-	37,000	37,000	-	-	4,686	4,686
Digital Terrain Model Update	Various	Special Levy - ALL	All	-	150,000	150,000	-	-	-	-
Natural Areas ELC Mapping Update	Various	Other	All	-	150,000	150,000	-	-	-	-
Records Management - phased	HQ - Welland	Special Levy - ALL	All	-	40,000	40,000	-	-	-	-
2020 Restoration & Watershed Plan Data Update	Various			-	-	-	150,000	-	35,359	35,359
2020 Restoration Site Design - Lakewood	Lakewood			-	-	-	50,000	-	-	-
2020 Financial Reporting & Budgeting Module	HQ - Welland			-	-	-	42,100	-	6,207	6,207
<b>TOTAL - Corporate Services</b>				\$ -	\$ 422,000	\$ 422,000	\$ 242,100	\$ -	\$ 56,474	\$ 56,474
<b>Land Operations</b>										
Deferred Projects - BF Septic System:										
- 2020 Flood Plain Mapping - Beaver Creek	Beaver Creek	Other	Niagara	150,000	-	150,000	-	-	-	-
- 2020 CFC Gallery Upgrades	Balls Falls	Other	Niagara	49,870	15,130	65,000	-	(27,180)	12,720	(14,460)
- 2020 Equipment Sustainment	Various	Other	All	-	54,586	54,586	-	-	54,586	54,586
- 2020 Balls Falls Internet Upgrade	Balls Falls	Other	Niagara	-	40,000	40,000	-	2,035	6,615	8,650
- 2020 Asset Management Program	Various	Other	All	-	30,000	30,000	-	33,010	-	33,010
Field Centre Restoration - Phase 2	Balls Falls	Special Levy - Niagara	Niagara	-	47,500	47,500	-	-	712	712
Roadway Improv - Phase 1 - Chippawa	Chippawa Creek	Special Levy - Niagara	Niagara	-	100,000	100,000	-	-	10,532	10,532
St John's - Heritage Building Restoration	Central Workshop	Special Levy - Niagara	Niagara	-	130,000	130,000	-	-	1,603	1,603
Mowers (Chippawa and Binbrook)	Central Workshop	Special Levy - ALL	All	-	35,000	35,000	-	-	42,606	42,606
RTV (CW)	Vaious - Niagara	Special Levy - Niagara	Niagara	-	20,000	20,000	-	-	15,005	15,005
Skid Steer (Central Workshop)	Central Workshop	Special Levy - ALL	All	-	26,000	26,000	-	-	79,373	79,373
Mini Excavator	Central Workshop	Special Levy - ALL	All	-	70,000	70,000	-	-	62,475	62,475
Cave Springs Parking Lot	Central Workshop	Special Levy - Niagara	Niagara	-	105,000	105,000	-	-	17,263	17,263
Rollon/rolloff - dual axle 7600 Int'l Truck	Central Workshop	Special Levy - ALL	All	-	140,000	140,000	-	-	-	-
Wainfleet Quarry	Wainfleet			-	-	60,000	-	-	902	902
Restoration Project - Binbrook	Binbrook			85,000	-	85,000	-	-	5,882	5,882
Automated Gates - Binbrook & Ball's Falls	Binbrook/ Ball's Falls			-	-	TBD	-	-	-	-
Land Purchase - Morgan's Point	Morgan's Point			-	-	772,900	-	-	772,894	772,894
2020 - North Side Comfort Station	Long Beach			-	-	-	397,100	76,933	320,351	397,284
2020 - Water Treatment System Upgrades	Binbrook			-	-	-	155,000	37,582	5,621	43,203
2020 - Treetop Trekking Building & Amenities	Binbrook			-	-	-	203,000	73,517	122,646	196,163
2020 - Septic System - Binbrook	Binbrook			-	-	-	852,000	27,775	49,227	77,002
2020 - Field Centre Restoration	Balls Falls			-	-	-	35,000	6,754	19,382	26,136
<b>TOTAL - Land Operations</b>				\$ 199,870	\$ 813,216	\$ 1,013,086	\$ 1,642,100	\$ 230,426	\$ 1,600,395	\$ 1,830,821
<b>Watershed</b>										
Floodplain Mapping - Big Forks Creek	Niagara	Special Levy - Niagara	Niagara	150,000	-	150,000	-	-	-	-
Water Quality Equipment	Pelham	Special Levy - Niagara	Niagara	-	20,000	20,000	-	-	-	-
Stream Gauge Equipment	Various	Special Levy - ALL	All	-	10,000	10,000	-	-	-	-
Virgil Dam - Remedial Measures	Niagara	Special Levy - Niagara	Niagara	-	200,000	200,000	-	-	6,034	6,034
<b>TOTAL - Watershed</b>				\$ 150,000	\$ 230,000	\$ 380,000	\$ -	\$ -	\$ 6,034	\$ 6,034
<b>GRAND TOTAL</b>				\$ 349,870	\$ 1,465,216	\$ 1,815,086	\$ 1,884,200	\$ 230,426	\$ 1,662,903	\$ 1,893,329

**Report To:** Finance Committee

**Subject:** 2022 Budget Assumptions

**Report No:** FC-10-21

**Date:** July 28, 2021

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**RECOMMENDATION:**

**THAT** Report No. FC-10-21 regarding the recommended budget assumptions for the 2022 Operating and Capital Budgets be approved for use in the development of the 2022 budget, subject to approval by the Board of Directors;

**THAT** a list of current known unfunded priorities be prepared for the Board’s consideration in conjunction with 2022 budgets;

**AND FURTHER THAT** Staff be directed to submit the Preliminary 2022 Budget to the funding municipalities in accordance with their guidelines and schedules.

**PURPOSE OF THIS REPORT:**

The purpose of Report No. FC-10-21 is to seek the Finance Committee’s input and approval on:

- a) 2022 operating and capital budget assumptions and associated timelines for the 2022 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 2022 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 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
- Implications of Bill 229 and provincial funding
- 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

## **DISCUSSION:**

### **Regular Levy**

Annually, NPCA develops a regular levy of operating expenditures including salaries and benefits, Board per diems and travel expenses, rent and other fixed costs, program operating expenses and other expenditures required to support operations. The regular levy is apportioned to each partner municipality within the watershed based on MPAC assessed value data received annually from the Ministry of Natural Resources and Forestry.

### **Special Levy**

Special Levy includes three types of activity:

- a) an operating activity that benefits one or more municipalities but not the entire watershed – for example, long term debt payments for a specific municipality
- b) capital projects apportioned to each municipality in accordance with the location and related benefit of the capital project.
- c) programs that benefit the entire watershed are apportioned in keeping with the regular levy splits.

### **Land Acquisition Reserve Contribution**

Reinstatement of Land Acquisition Reserve contributions (historical) by Niagara Region and City of Hamilton, as follows:

- Niagara Region – \$500,000
- City of Hamilton - \$100,000

Further to review and consideration of the items outlined in the background section of this report, staff are recommending the following:

1. Regular Levy - operating expenditures – 2.0% budget increase (2020 – 2.0%)
2. Special Levy – Capital and Special Projects – to be determined, based on a review of critical priorities.

COVID Pandemic Related Costs: Incremental expenses projected in 2022 as a result of the Covid-19 pandemic will be presented as a separate line item, in keeping with municipal recommendations.

Conservation Authority Act Changes: It should be noted that the impact of CA Act Regulations is still not fully known. The transition period deadline for these changes is currently Dec. 2023 and is not anticipated to have any major impact on the 2022 budget process.

Strategic Plan: NPCA's new 10 year Strategic Plan is currently being finalized to be approved in October 2021. Known gaps in critical services will be addressed within the current budget or unfunded pressures and new priorities emerging from this initiative will be considered for alignment with the updated programs and services as a requirement of CA Act changes. This will be developed in consultation with municipal partners and submitted to the province in Dec 2022. Further, these priorities will be integrated within the Core Watershed Resource Management Strategy required to be completed within one year of the CA Act transition period.

Unfunded Pressures: Similar to the 2021 budget process, an extensive review of unfunded operating and capital pressures is currently underway for the 2022 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 2022 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 – 2022 Operating and Capital Budget Schedule

**Prepared by:**

**Submitted by:**

Original Signed by

Original Signed by

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Lise Gagnon, CPA, CGA  
Director, Corporate Services

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

## 2022 Operating & Capital Budget Schedule

June 24, 2021	2022 Budget Planning Guidelines - Niagara Region
July 28, 2021	2022 budget assumptions approved by Finance Committee
August and Sept. 2021	Consultation with funding municipalities
Sept. 16, 2021	2022 budget assumptions approved by Authority Board
August 27, 2021	Training - automated 2022 Operating Budget software and financial reporting Budget preparation guidelines to budget owners
August & Sept. 2021	Consultation / meetings with internal stakeholders Development and distribution of capital planning process, policies and templates Operating and Capital Budget analytics
October 2021	2022 Budget Planning Guidelines - City of Hamilton
October 27, 2021	Draft 2022 Operating and Capital Budgets to Finance Committee for recommendation to the Authority Board
November 18, 2021	Draft 2022 Operating and Capital Budgets to the Authority Board for approval to begin negotiations with municipal partners
November 2021	Consultation with partner municipalities on 2022 Draft Operating and Capital Budgets
November 18, 2021	Niagara Region budget workshop and presentation
November 25, 2021	2022 Draft Operating and Capital Budgets presentation to Niagara Region Budget Review Committee of the Whole
January 2022	2022 Draft Operating and Capital Budgets - Council presentations: Hamilton and Haldimand (if required)
February/March 2022	2022 Final Operating and Capital Budgets approved by Authority Board
March 2022	Release levy letters to partner municipalities



**DATE:** May 21, 2021

**RESOLUTION NO. FA-103-2021:**

Moved By: Member Kawall

Seconded By: Member Wright

**THAT** the Niagara Peninsula Conservation Authority **ACCEPTS** the Canada Revenue Agency determination and **DIRECTS** that the Canada Employment Wage Subsidy be returned.

Chair: (Referred to Finance Committee via Board Resolution No. FA-132-2021, June 18, 2021)

CARRIED: \_\_\_\_ - \_\_\_\_

DEFEATED: \_\_\_\_ - \_\_\_\_

No. \_\_\_\_