



Budget & Administration Committee Meeting Agenda

Thursday, June 18, 2020

Budget & Administration Committee Meeting

June 18, 2020 at 6:00 P.M.

This meeting will be held in person for Budget and Administration committee members and designated, limited staff only.

Attendance will be in compliance with the Provincial 10-person maximum gathering size restrictions and physical distancing and hygiene safety measures.

The public may access the meeting by teleconference.

To access the meeting, please dial 1-866-219-8638.

Please then enter the conference access code: 4987945 and the # key.

1. Chairman's Remarks – Moccio

2. Declaration of Conflict of Interest

3. Approval of Agenda

4. Delegations

5. Consent Items

5.1. Approval of Budget & Administration Committee Minutes –
April 23, 2020

5.2. WSIB Injury Statistics

6. Chairman's Report on Board of Directors Actions – Moccio

BA 2002 – 2019 Report by the Auditors and
12 Month Audited Financial Statements

7. Business Arising from the Minutes

8. Staff Reports/Memorandums

Reports and Results to be Received:

8.1. 1st Quarter Financial Results – Operating – McDougall

8.2. 1st Quarter Financial Results – Capital & Major Maintenance – McDougall

- 8.3. 1st Quarter Vendor Report
- 8.4. 2020 Operating Budget Projection

– McDougall
– McDougall

- 9. New Business**
- 10. In-Camera Items for Matters of Law, Personnel and Property**
- 11. Next Meeting – August 20, 2020**
- 12. Adjournment**

Hamilton Conservation Authority

Minutes

Budget & Administration Committee

April 23, 2020

Minutes of the Budget & Administration Committee meeting held on Thursday, April 23, 2020 at 6:00 p.m., by teleconference.

Present: **Santina Moccio, in the Chair**
 Dan Bowman
 Jim Cimba
 Lloyd Ferguson
 Maria Topalovic

Regrets: **None**

Staff Present: **Lisa Burnside, Gord Costie, Matt Hall, Bruce Harschnitz, Neil McDougall, Scott Peck, Jaime Tellier, and Nancy Watts**

Others Present: **Melanie Dugard and Kashif Kahn – Grant Thornton**

1. Chairman's Remarks

The Chair called the meeting to order and welcomed everyone present. She thanked staff for their unwavering efforts to sustain operations and compliance with legislative regulations and restriction. She also acknowledged the steady hand of the Chair of the Board of Directors.

The governance and administrative by-laws we have at HCA were very helpful to have in place to permit our Board of directors and advisory committees to hold meetings via electronic participation. When we undertake our annual review in August, Conservation Ontario will be providing some additional language to consider incorporating for enhanced consistency in this regard across all 36 CAs.

The Province has extended the Declaration of Emergency for a further 28 days, until May 12. As such, our conservation areas and properties will remain closed, until further notice which continues to halt our revenue generation from our conservation areas. HCA will continue to monitor and follow governmental direction and updates on essential services. We expect further information will be forthcoming with the May

long weekend a few days following May 12. Staff continue dialogue with the City on operating WWW for the season.

2. Declarations of Conflict of Interest

The Chair asked members to declare any conflicts under the HCA Administrative By-law. There were none.

3. Approval of Agenda

The Chair requested any additions or deletions to the agenda. There were none.

BA2001

MOVED BY: Jim Cimba

SECONDED BY: Dan Bowman

THAT the agenda be approved.

CARRIED

4. Delegations

There were none.

5. Consent Items

The following consent items were adopted:

5.1. Approval of Budget & Administration Committee Minutes – November 21, 2019

5.2. WSIB Injury Statistics

6. Chairman's Report on Board of Directors Actions

The Chair reported that the Board of Directors approved the Mileage Rate and Honorariums and Per Diems reports, as recommended, at the December 12, 2019 meeting.

7. Business Arising from the Minutes

There was none.

8. Staff Reports/Memoranda

8.1. 2019 – Report by the Auditors

Melanie Dugard of Grant Thornton presented a summary of the Audit Strategy and Results for the Hamilton Region Conservation Authority and Confederation Beach Park for 2019. Melanie noted it was a clean audit for both HCA and Confederation Beach Park. COVID-19 was given consideration and addressed in a separate note. No adjustments were made as a result. There were no concerns to bring to the attention of the committee.

The members thanked Grant Thornton for their work on the audit and congratulated staff on the results.

8.2. 2019 – 12 Month Financial Results – Audited Financial Statements

Neil McDougall presented a summary of the report and answered the members' questions. The potential for the City of Hamilton to suggest HCA retain the Confederation Beach Park 2019 surplus to offset its losses associated with COVID-19 related operational changes/closures was discussed.

Neil thanked Grant Thornton for the continuity of service to complete the audit remotely. The Chair also thanked the auditors and staff for their efforts to complete the audit under such challenging circumstances.

BA2002

**MOVED BY: Lloyd Ferguson
SECONDED BY: Jim Cimba**

**THAT the Budget & Administration Committee
recommends to the Board of Directors:**

**THAT the Report by the Auditors be approved; and
further**

**THAT the 2019 Twelve-Month Audited Financial
Statements for Hamilton Conservation Authority and
Confederation Beach Park be approved.**

CARRIED

8.3. 2019 – 12 Month Financial Results – Operating

Neil McDougall provided a summary of the memorandum and answered the members' questions. Neil advised that while COVID-19 was unexpected, HCA started 2020 from a position of strength.

8.4. 2019 – 12 Month Financial Results – Capital & Major Maintenance

Neil McDougall provided a summary of the memorandum and answered the members' questions.

8.5. Reserve Funds and Balances

Neil McDougall provided a summary of the memorandum and answered the members' questions. Available surplus funds to offset losses associated with COVID-19 were discussed. Neil advised that some funds are earmarked for projects, such as capital improvements and East Mountain land acquisition, however that some of the funds could be available to compensate.

The members thanked Neil for the review and providing context for our financial position in light of the closure circumstances.

Retaining full-time staff was identified as a priority. The benefit of having reserves to draw on was discussed. Management of reserve funds for future contingencies was also noted as a consideration.

Lisa Burnside advised she has contacted Member of Parliament Filomina Tassi to understand if HCA is eligible for federal relief funding. HCA is preparing to apply while awaiting a response regarding eligibility.

8.6. 2019 – 12 Month Vendor Report

Neil McDougall provided a summary of the memorandum and answered the members' questions. The members inquired about vendor expenses that may not occur in 2020 as a result of the COVID closures. Neil affirmed there may be few expenses in some categories due to operational changes.

8.7. Asset Disposition Report

This report was added at the request of the Committee to itemize asset disposals. Neil McDougall reviewed the items on the list and advised the members of staff resourcefulness with regard to reusing and repurposing assets. The members thanked Neil for his exemplary work on the various reports presented, adding that the reports assist the Committee with their responsibility to assist the Board of Directors with financial oversight for the organization.

8.8. Rental Properties – Revenues and Costs

Neil McDougall provided a summary of the memorandum and answered the members' questions.

The members inquired about the nature of the costs associated with the properties. Neil advised that the costs are generally maintenance activities. It was also confirmed for the members that HCA is subject to the Residential Tenancy Act and operates as such.

BA2003

MOVED BY: Maria Topalovic

SECONDED BY: Dan Bowman

**THAT the memoranda entitled:
2019 – 12 Month Financial Results – Operating;
2019 – 12 Month Financial Results – Capital & Major
Maintenance;
Reserve Funds and Balances;
2019 – 12 Month Vendor Report;
Asset Disposition Report; and
Rental Properties – Revenues and Costs,
be received for information.**

CARRIED

9. New Business

There was none.

10. In-Camera Items for Matters of Law, Personnel and Property

There were none.

11. Next Meeting

The next meeting of the Budget and Administration Committee will be held on Thursday, May 21, 2020 at 6:00 p.m., location to be determined.

12. Next Meeting Adjournment

On motion, the meeting adjourned.

Memorandum

TO: Budget & Administration Committee

FROM: Lisa Burnside, Chief Administrative Officer (CAO)

PREPARED BY: Nancy Watts, Director of Human Resources & Wellness

DATE: June 18, 2020

RE: Workplace Safety & Insurance Board (WSIB)
Six month review report for 2020

BACKGROUND

Workplace safety and insurance is a no-fault insurance system for work-related injuries and diseases. It is governed by the *Workplace Safety and Insurance Act, 1997* (WSIA), and is managed by the WSIB.

STAFF COMMENT

How the WSIB defines “accident”

- a chance event caused by a physical or natural incident, i.e., falling off a ladder or frostbite
- a wilful and intentional act, but not an act of the worker, i.e., being assaulted by a co-worker, and
- a disablement, which may be a condition that has emerged gradually over time, and cannot be attributed to a clearly defined time or place, i.e., carpal tunnel syndrome,
- is an “unexpected result” of the worker’s duties, wherein an accident that was originally believed to be minor resulted in disablement at a later date, i.e., a back injury from bending over to pick up equipment.

How the WSIB defines “occupational disease”

- a disease resulting from exposure to a substance that is related to a particular industrial process, trade or occupation
- a disease peculiar to, or characteristic of, a particular industrial process, trade or occupation,

- a medical condition that, in the WSIB's opinion, requires a worker to be removed either temporarily or permanently from exposure to a substance because the condition may be a precursor to an occupational disease
- a disease listed in the WSIB applicable to firefighters and fire investigators.

A worker who suffers from, and is impaired by, an occupational disease is entitled to receive benefits under the WSIB as if the disease were a personal injury by accident.

WSIB reportable Injuries – Six month review (January through June 2020)

No approved claims reported April through June 2020

Claim type	January thru June 2020	January thru June 2019	Comments
	<i>Full time staff</i>	<i>Full time staff</i>	
Medical Aid	0	0	
Lost Time	1	1	-February 2020, Worker suffered a back injury and lost 3 days; worker was walking backward dragging deer carcass off trail and fell
	<i>Casual Staff</i>	<i>Casual Staff</i>	
Medical Aid	2	2	-January 2020, Worker got debris in eye from wind and sought medical attention
Lost Time	0	0	-January 2020, Worker trying to pull door open fell back and hurt hand and sought medical attention
Year to date Total	3	3	

STRATEGIC PLAN LINKAGE

The initiative refers directly to the HCA Strategic Plan 2019 - 2023:

- **Strategic Priority Area – Organizational Excellence**
 - Providing a positive and safe environment for both staff and visitors

AGENCY COMMENTS

Not applicable.

LEGAL/FINANCIAL IMPLICATIONS

HCA generally has a good safety record with minor reportable incidents. Once an injury has occurred it is important to return the injured worker to work as quickly and safely as possible and HCA has a strong early return to work program administered through human resources.

CONCLUSIONS

It is important that HCA as an employer, maintain a healthy and safe workplace and to prevent workplace injuries and occupational diseases.

Memorandum

TO: Budget & Administration Committee

FROM: Neil McDougall, Secretary-Treasurer

DATE: June 18, 2020

RE: HCA 1st Quarter Financial Results – Operating

Hamilton Region Conservation Authority

	3 mos. <u>2020</u>	3 mos. <u>2019</u>	\$ <u>Variance</u>	Budget <u>2020</u>	Actual <u>2019</u>	\$ <u>Variance</u>
Watershed Planning & Eng.	\$ (337)	\$ (65)	\$ (273)	-	-	-
Conservation Areas	\$ (129)	\$ 423	\$ (553)	\$ 468	\$ 1,555	\$ (1,087)
Westfield Heritage Village CA	\$ (142)	\$ (11)	\$ (131)	\$ 116	\$ 271	\$ (156)
Corporate Services	<u>\$ (677)</u>	<u>\$ (154)</u>	<u>\$ (523)</u>	<u>\$ (199)</u>	<u>\$ 774</u>	<u>\$ (973)</u>
	\$ (1,286)	\$ 194	\$ (1,479)	\$ 385	\$ 2,600	\$ (2,215)
Loan principle repayment	<u>(44)</u>	<u>(44)</u>	<u>-</u>	<u>(216)</u>	<u>(209)</u>	<u>(7)</u>
Net surplus	<u>\$ (1,330)</u>	<u>\$ 150</u>	<u>\$ (1,479)</u>	<u>\$ 169</u>	<u>\$ 2,391</u>	<u>\$ (2,222)</u>

The first quarter is always the quietest of the four and in 2020 there was a revenue decline due to the timing of the levy receipt as compared to last year and the impacts of the pandemic on operations.

Corporate Services

	3 mos. <u>2020</u>	3 mos. <u>2019</u>	\$ <u>Variance</u>	Budget <u>2020</u>	Actual <u>2019</u>	\$ <u>Variance</u>
Revenues						
Levy	\$ -	\$ 332	\$ (332)	\$ 2,530	\$ 2,650	\$ (120)
Equipment	260	314	(54)	1,100	1,048	52
Foundation	26	76	(51)	184	163	21
Management fees	48	48	(0)	426	448	(22)
School Fees	-	-	-	83	87	(5)
Interest	58	60	(2)	190	255	(65)
Other	<u>43</u>	<u>49</u>	<u>(6)</u>	<u>183</u>	<u>266</u>	<u>(83)</u>
Total	435	880	(445)	4,696	4,918	(222)
Expenses						
Staff	758	661	97	3,035	2,963	72
Utilities	47	52	(5)	299	307	(8)
Equipment	7	115	(108)	248	215	33
Materials & Supplies	14	25	(11)	111	104	7
Other	<u>286</u>	<u>181</u>	<u>105</u>	<u>1,201</u>	<u>554</u>	<u>647</u>
Total	<u>1,112</u>	<u>1,034</u>	<u>79</u>	<u>4,895</u>	<u>4,144</u>	<u>751</u>
Net surplus / (deficit)	<u>\$ (677)</u>	<u>\$ (154)</u>	<u>\$ (523)</u>	<u>\$ (199)</u>	<u>\$ 774</u>	<u>\$ (973)</u>
Land, Vehicle & equipment activity						
Donations & misc.	-	-	-	-	8	(8)
Transfer from Reserve:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>439</u>	<u>(439)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447</u>	<u>\$ (447)</u>
Land	-	6	(6)	-	434	(434)
Vehicles & misc.	<u>9</u>	<u>103</u>	<u>(94)</u>	<u>-</u>	<u>189</u>	<u>(189)</u>
	<u>\$ 9</u>	<u>\$ 109</u>	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 623</u>	<u>\$ (623)</u>

Revenues

Levy variance was due to timing of receipt of funds which came later in 2020.

Internal equipment revenue was impacted by the activity restriction imposed mid-March.

Expenses

Staffing, as always, represents the largest portion of the Corporate expenses as it is in the 1st quarter but spending level is tracking budget.

Other expense was above last year but below budget.

Net surplus / (deficit)

Once the levy funding comes in the deficit will decrease but there will be permanent shortfalls from interest income which will be more prominent in the coming quarters.

Equipment revenue shortfall will be offset on a consolidated basis by lower equipment expense throughout the organization, as was the case here in Corporate Services.

Conservation Areas

	3 mos. <u>2020</u>	3 mos. <u>2019</u>	\$ <u>Variance</u>	Budget <u>2020</u>	Actual <u>2019</u>	\$ <u>Variance</u>
Revenues						
Admissions	\$ 114	\$ 90	\$ 23	\$ 2,239	\$ 2,475	\$ (236)
Marina	392	924	(532)	1,399	1,381	18
Camping	25	41	(16)	1,247	1,207	40
Concessions	5	2	2	251	272	(20)
Events	1	1	0	246	249	(3)
Other	<u>56</u>	<u>52</u>	<u>5</u>	<u>455</u>	<u>563</u>	<u>(108)</u>
Total	594	1,111	(517)	5,837	6,146	(309)
Expenses						
Staff	370	329	41	2,986	2,544	442
Equipment	106	99	7	617	613	4
Utilities	57	42	14	264	228	36
Materials & Supplies	35	43	(7)	253	219	34
Contracts & Consultants	19	11	8	294	293	1
Other	<u>136</u>	<u>163</u>	<u>(28)</u>	<u>955</u>	<u>694</u>	<u>261</u>
Total	<u>723</u>	<u>688</u>	<u>35</u>	<u>5,369</u>	<u>4,591</u>	<u>778</u>
Net surplus / (deficit)	<u>\$ (129)</u>	<u>\$ 423</u>	<u>\$ (553)</u>	<u>\$ 468</u>	<u>\$ 1,555</u>	<u>\$ (1,087)</u>

Revenues

With the temporary closures of the marinas across the province the normal level of seasonal mooring receipts was drastically reduced. Much followed in April but a significant number of boaters were indicating they would remain on land this year as at this point the rules were unknown.

The same issues of uncertainty impacted camping reservations.

Expenses

Staffing represented full time staff only as casual staff would normally only be brought on in the second quarter and this year that will be delayed until the environment around openings is made clearer.

Net surplus / (deficit)

With operations suspended mid-March the main impact was the chaos around boating. Some revenue normally appearing in March will show in the second quarter but there will be shortfalls. The budget for 2020 reflected a \$1 million decline from 2019 but it was not expected that half of the decline would be consumed in the first quarter.

Westfield Heritage Village Conservation Area

	3 mos. <u>2020</u>	3 mos. <u>2019</u>	\$ <u>Variance</u>	Budget <u>2020</u>	Actual <u>2019</u>	\$ <u>Variance</u>
Revenues						
Levy	\$ -	\$ 73	\$ (73)	\$ 602	\$ 591	\$ 12
Events	16	36	(20)	109	91	17
Admissions	5	15	(10)	109	99	10
School Programs	7	15	(8)	72	74	(2)
Other	<u>8</u>	<u>17</u>	<u>(9)</u>	<u>105</u>	<u>176</u>	<u>(70)</u>
Total	35	156	(120)	997	1,031	(34)
Expenses						
Staff	108	91	17	527	481	46
Advertising & Promotion	6	8	(2)	117	31	86
Utilities	19	19	(0)	49	45	4
Materials & Supplies	10	11	(1)	40	43	(3)
Equipment	13	15	(2)	57	62	(5)
School Programs	7	7	(0)	33	33	-
Other	<u>15</u>	<u>15</u>	<u>(0)</u>	<u>60</u>	<u>64</u>	<u>(4)</u>
Total	<u>177</u>	<u>166</u>	<u>11</u>	<u>881</u>	<u>760</u>	<u>122</u>
Net surplus / (deficit)	<u>\$ (142)</u>	<u>\$ (11)</u>	<u>\$ (131)</u>	<u>\$ 116</u>	<u>\$ 271</u>	<u>\$ (156)</u>

Revenues

Levy variance was due to timing of receipt of funds which came later in 2020.

Event, school programs and general admissions were all impacted by the shutdown of the facilities in response to the pandemic. The Maple Syrup program was just starting when this hit, school closures followed and Sunday programming was suspended.

Expenses

Staffing is always the largest expense area and this continues as budgetted.

Net surplus / (deficit)

While the levy funding will catch up in the following quarter the other revenues are lost so offsets in the form of cost reductions or other revenue opportunities will be needed.

Watershed Planning & Engineering

	3 mos. <u>2020</u>	3 mos. <u>2019</u>	\$ <u>Variance</u>	Budget <u>2020</u>	Actual <u>2019</u>	\$ <u>Variance</u>
Revenues						
Levy	\$ 28	\$ 154	\$ (140)	\$ 1,470	\$ 1,453	\$ 17
Transfer from reserves	-	-	-	17	156	(139)
Grants	112	26	86	189	321	(132)
Conservation Foundation	-	-	-	-	8	(8)
Permits, fees & misc.	<u>54</u>	<u>93</u>	<u>(25)</u>	<u>304</u>	<u>289</u>	<u>15</u>
Total	194	273	(80)	1,980	2,227	(937)
Expenses						
Staff	355	324	31	1,740	1,534	206
Contracts & Consultants	152	(8)	159	32	304	(272)
Materials & Supplies	2	0	2	34	90	(56)
Utilities	7	5	2	25	20	5
Transfer to reserves	-	-	-	-	176	(176)
Other	<u>14</u>	<u>16</u>	<u>(2)</u>	<u>149</u>	<u>103</u>	<u>45</u>
Total	<u>531</u>	<u>338</u>	<u>193</u>	<u>1,980</u>	<u>2,227</u>	<u>(247)</u>
Net surplus / (deficit)	<u>\$ (337)</u>	<u>\$ (65)</u>	<u>\$ (273)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Revenues

Levy variance was due to timing of receipt of funds which came later in 2020.

Grant revenue was received in support of the MOE water quality program and the work on the refurbishment of the Christie Lake dam.

Permits and fees are slow at the start of 2020.

Expenses

Staffing, as always, represents the largest portion of the WP & E expenses as it is in the 1st quarter but remained well within budget.

Christie Lake dam and Saltfleet design work invoicing arrived in the first quarter, both with grant monies to follow.

Net deficit

Deficit at this point reflects the timing differences from levy and other grant sources meeting up with expenses. All projects are fully funded so the only real variance is with the permitting which always has a slow 1st quarter.

Memorandum

TO: Budget & Administration Committee

FROM: Neil McDougall, Secretary-Treasurer

DATE: June 18, 2020

RE: HCA 1st Quarter Financial Results – Capital & Major Maintenance

CAPITAL WORKS: JANUARY THROUGH MARCH 2020

Valens Lake Conservation Area

Major Maintenance	17.2%	
Masterplan		\$ 12,679
Trails		391
Forestry		2,183
Project	82.8%	
Cabins		<u>73,492</u>
		\$ 88,745

Christie Lake Conservation Area

Major Maintenance	91.6%	
Roads		\$ 90
Trails		1,919
Utilities		
Forestry		31,838
Gates & fencing		
Bridges & boardwalks		
Other		
Project	8.4%	
Dundas Peak trail fencing		757
Beach house upgrades		
Tew autogate & gatehouse		<u>2,339</u>
		36,943

Dundas Valley Conservation Area & Woodend

Major Maintenance 93.4%

Masterplan/mgmt plan	\$ 641
Building maintenance	13,983
Roads & trails	17,098
Signage	899
Utilities	10,440
Forestry	922
Bridges & boardwalks	1,095
Other	

Project 6.6%

Artaban parking improvements	160
Woodend WP&E lab reno	3,015

48,253

Fifty Point Conservation Area

Major Maintenance 100.0%

Building maintenance	\$ 10,052
Masterplans	4,693
Roads & trails	417
Utilities	-
Forestry	47,291
Other	4,844

Project 0.0%

67,297

Hamilton Mountain Conservation Area

Major Maintenance 99.6%

Roads & trails	\$ 903
Bridges/Boardwalks	182,572
Fencing/Gates	126
Utilities	183
Other	98

Project 0.4%

Saltfleet cleanup	688
Karst buffer & restoration	78

184,648

Westfield Heritage Village Conservation Area

Major Maintenance 1.0%

Gates & fencing	370
Roads & trails	136
Forestry	52

Project 99.0%

Parking lot building cleanup	437	
Water well supply	<u>54,600</u>	
		55,595

Watershed Planning and Engineering

Project

Floodplain mapping	20,609	
East Mountain wetland design	136,113	
Valens dam piezometers	118	
Christie dam lead removal	158,668	
Surface water study		
CLCA dam electrical	30,371	
Other	9,462	
		<u>355,341</u>

Three months capital and major maintenance \$ 836,822

Memorandum

TO: Budget & Administration Committee

FROM: Neil McDougall, Secretary-Treasurer

DATE: June 18, 2020

RE: HCA 1st Quarter Vendor Report

Vendor Summary for Payments January - March, 2020

BETON	119,921	Christie dam lead removal
OLIVER LUMBER (GOODFELLOW INC.)	79,477	Boardwalk materials
HAMILTON, CITY OF	65,435	Veldhuis loan final payment
CRIMSON LEAF LANDSCAPING LTD.	62,742	Eramosa Karst tree planting
FREW ENERGY INC	60,403	Gas & diesel
BINBROOK PLUMBING & HEATING	39,838	Wild Waterworks materials and repairs
LEGAL SETTLEMENT	35,000	Employee settlement
GOWLING WLG (CANADA) LLP	34,222	Legal fees
NOLAN, CIARIO LLP	31,103	Employee settlement
CONSERVATION ONTARIO	29,607	First half membership
ADAM'S PLUMBING AND PUMPS	28,216	Westfield water system
HAMILTON, CITY OF, TAX SECTION	25,895	Property tax installments
LAFARGE CANADA INC	25,050	Aggregate
JASEN ENTERPRISES	24,239	Equipment rental
NET ACCESS SYSTEMS INC	23,961	Internet systems
CONSERVATION HALTON	20,493	Grant sharing
MARCOS ROMERO	20,221	Painting: Fifty Point, Dundas Valley
ATTRIDGE TRANSPORTATION INC	19,648	Final Fall shuttle payments

SUPERIOR PROPANE INC	19,139	Propane			
INVESTORS GROUP FINANCIAL SERVICES INC.	17,776	Employee settlement			
BEATTIES BASICS OFFICE PRODUCTS	16,054	Office supplies			
RONA INC	15,645	Hardware and supplies			
PETO MAC CALLUM LTD	14,182	Monitoring and consulting fees			
ONTARIO INFRASTRUCTURE AND LANDS CORP.	13,928	Property tax costs on leased properties			
GUILLEVIN INTERNATIONAL CO.	13,044	Electrical supplies			
SUTHERLAND-SCHULTZ LTD	12,078	Christie gate repair			
TOTAL POWER LIMITED	11,461	Woodend generator repairs			
SWEERS MASONRY INC	10,961	Governor's Road barn repairs			
METROLAND WEST MEDIA GROUP	10,921	Advertising			
CANADIAN TODS LTD.	10,848	Highway directional signs			
HAMILTON VIDEO & SOUND LTD	10,089	Auditorium projector and screen			
	<u>921,598</u>	73.9%	# of large vendors	31	11.7%
ALL OTHER	<u>325,116</u>	26.1%	# of other vendors	<u>233</u>	88.3%
	<u>1,246,714</u>			264	

Memorandum

TO: Budget & Administration Committee

FROM: Neil McDougall, Secretary-Treasurer

DATE: June 18, 2020

RE: 2020 Projections of Financial Results – Operating

STAFF COMMENT

The first half of the year is nearing completion and what has transpired was beyond the imagination of everyone back in September of 2019 which was when the Budget for 2020 was brought before the Budget & Administration Committee and on to the Board.

At that time the HCA was conservatively projecting that revenues of \$13.5 million would be achievable and after paying all operating expenses there would be \$385 thousand left to cover the loan payments of \$216 thousand and still have \$169 thousand to put towards the Saltfleet wetlands creation.

As our cash registers have been all but shut down for three months now it was thought prudent to recast the budget for 2020 and see, given certain assumptions, where we might end up.

BASIC ASSUMPTIONS

At the time of preparation, which was the first week of June, there were actual results available for January through to April and preliminary results for the month of May. The month of June was then projected using May numbers and adjusting for any new information available. This provided the first half of the year.

The second half projection is pure speculation. We are not sure when marina operations will be “normal”; when camping will be allowed and will we have to close every other site to maintain proper distancing; or what other restrictions may be put in place that affect all of our businesses.

With this uncertainty in mind a July – December estimate was generating under the following assumptions:

- 1) Conservation areas will be open but with restrictions resulting in a 50% reduction in revenues
- 2) Expenses to maintain grounds will remain similar to last year as the acres maintained has not been changed
- 3) Concession stores to a great extent will be closed as the new rules are expected to make the majority even more unprofitable; excluding firewood sales at Valens and canoe rentals at Christie and Valens
- 4) Permit applications and plan review fees issued by Watershed Planning & Engineering will be down by 30%
- 5) Westfield events and school programming will be severely impacted
- 6) Management fees will be reduced as Wild Waterworks is closed
- 7) Interest income will drop by $\frac{3}{4}$ as net prime rate goes from 2.0% to 0.5%
- 8) The federal 75% Wage Subsidy will be received for the months of March and April
- 9) The province will provide the same level of support for Flood Control programs that it did last year
- 10) Any shortfall will be offset by the seasonal operating reserve established over the last few years.

NET RESULTS BY DIVISION

Watershed Planning & Engineering

As the majority of funding this division comes from the levy, which for 2020 is still expected to be received leaving the major risk in revenues to be the permit fee work. There will still be construction and reviews will be required so this source won't be completely eliminated. Most non-levy supported work can be suspended should grant revenues be held up avoiding additional losses. Additional expenses will be curtailed and by making the general reserve maintained in the division to cover new projects available the Watershed Planning & Engineering division will meet its breakeven position at yearend as planned.

Conservation Areas

Should camping and marina operations get hit to the 50% degree assumed we could see a negative swing of \$790 thousand at Valens and \$780 thousand at Fifty Point. With events and day admissions being curtailed due to number limitations there could be losses to plan of \$390 thousand at Christie Lake and \$315 thousand at Westfield. Dundas Valley and Hamilton Mountain areas budgets are very much less reliant on

revenues and as a cost center the impact isn't as material. The total deficit would be \$1,590,000 which would be a shortfall to Plan of \$2.3 million.

Corporate Services

Similar to Watershed Planning & Engineering, the majority of revenue comes from City levy which is presumed to be as budgeted. The major impact to Corporate services on the negative side is the loss of the Wild Waterworks management fee which will be in the neighbourhood of \$300 thousand. Another loss of revenue is from the decline in interest rates which could amount to a shortfall of \$110 thousand if rates remain at their current level for the balance of the year.

Offsetting these declines will be the federal 75% wage subsidy program. For the two months of March and April we qualify by having the perquisite loss of revenue, being a registered charity and keeping our staff on the payroll over this period. There has been discussion around whether we qualify or not but one of our neighbouring Conservation Authorities was told by a Canadian Emergency Wage Subsidy (CEWS) agent that Authorities would, subject to the previously noted conditions and also noted that Conservation Authorities were not listed in their program eligibility details as a public body. The final decision ultimately rests with the Canada Revenue Agency. To date we have received \$580 thousand which is sufficient to offset the losses mentioned in the previous paragraph and the other minor revenue losses from education and miscellaneous revenues are backed up by Foundation grants. Consequently, the Corporate Service division should be at a small surplus level of \$200 thousand.

Consolidated

Bringing this all together we have a real deficit of \$1,390,000.

At the last Budget & Administration Committee meeting a table of reserves was presented which itemized what is called a "Seasonal operating shortfall protection reserve". The balance in that reserve at the beginning of 2020 is \$3,008,000, more than twice what the conservative projection above requires to cover the deficit.

Summary

What this means is the HCA will not need to go back to any funders to manage through 2020 and this also gives us time to understand what the new normal will look like and make the necessary adjustments so 2021 will not be a repeat, financially speaking, of what we trust is a one-year abnormality.