



Budget & Administration Committee Meeting Agenda

Thursday April 18, 2024

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Budget & Administration Committee Meeting

Thursday, April 18, 2024 at 6:00 P.M.

This meeting will be held fully virtual via Webex

All meetings can be viewed live on HCA's You Tube Channel:

<https://www.youtube.com/user/HamiltonConservation>

- 1. Welcome** – Susan Fielding
- 2. Declaration of Conflict of Interest**
- 3. Approval of Agenda**
- 4. Delegations**
- 5. Election of Vice Chair**
- 6. Consent Items**
 - 6.1. Approval of Budget & Administration Committee Minutes – November 23, 2023 Page 1
 - 6.2. 12 Month WSIB Injury Statistics Page 7
 - 6.3. Annual Information Statistics re: 2023 Freedom of Information Requests Page 11
- 7. Business Arising from the Minutes**
- 8. Staff Reports/Memorandums**

Memorandums to be received

 - 8.1 12 Month Financial Results – Operating – Scott Fleming Page 15
 - 8.2 12 Month Financial Results – Capital & Major Maintenance – Scott Fleming Page 21

| | | | |
|-----|------------------------|-----------------------------------|---------|
| 8.3 | 12 Month Vendor Report | – Scott Fleming | Page 25 |
| 8.4 | 2024 Insurance Renewal | – Jaime Tellier/ Scott Fleming | Page 27 |

Reports to be approved:

| | | | |
|-----|---|---------------------------------|---------|
| 8.5 | Asset Management Strategy | – Matt Hall / Nicholas Oleschuk | Page 33 |
| 8.6 | Hiring of Contract Employee to support Compliance with new Public Sector Accounting Asset Retirement Obligations | – Scott Fleming / Lisa Burnside | Page 59 |

9. New Business

10. In-Camera Items

11. Next Meeting – Thursday, May 16, 2024 at 6:00 p.m.

12. Adjournment

Hamilton Conservation Authority

Minutes

Budget & Administration Committee

November 23, 2023

Minutes of the Budget & Administration Committee meeting held on Thursday, November 23, 2023 at 4:30 p.m., at the HCA main office, 838 Mineral Springs Road, in Ancaster, and livestreamed on YouTube.

Present: Susan Fielding, in the Chair
Jeff Beattie – by Webex
Alex Wilson – by Webex
Maureen Wilson – by Webex

Regrets: Brad Clark

Staff Present: Lisa Burnside, Scott Fleming, Scott Peck, Jaime Tellier, and Nancy Watts

Others Present: None

1. Welcome

The Chair called the meeting to order and welcomed everyone present.

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. Lisa Burnside advised of an additional report regarding the final 2024 budget approval, to be added as item 6.1 under business arising from the minutes.

**BA 2323 MOVED BY: Jeff Beattie
 SECONDED BY: Maureen Wilson**

THAT the agenda be approved, as amended.

CARRIED

4. Delegations

There were none.

5. Consent Items

The following consent items were adopted:

- 5.1. Approval of Budget & Administration Committee Minutes –
September 23, 2023
- 5.2. 9 Month WSIB Injury Statistics

6. Business Arising from the Minutes

6.1. Final 2024 Budget Approval

Lisa Burnside presented the report.

**BA 2324 MOVED BY: Jeff Beattie
 SECONDED BY: Maureen Wilson**

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

**THAT the 2024 draft budget receive formal and final
approval in accordance with the *Conservation
Authorities Act* and Ontario Regulation 402/22.**

CARRIED

7. Staff Reports/Memoranda

7.1. 3rd Quarter Financial Results – Operating

Scott Fleming presented a summary of the memorandum and answered the members' questions.

7.2. 3rd Quarter Financial Results – Capital and Major Maintenance

Scott Fleming presented a summary of the memorandum and answered the members' questions.

7.3. 3rd Quarter Vendor Report

Scott Fleming presented a summary of the memorandum and answered the members' questions.

BA 2325

MOVED BY: Alex Wilson

SECONDED BY: Maureen Wilson

THAT the memorandums entitled 3rd Quarter Financial Results – Operating, 3rd Quarter Financial Results – Capital and Major Maintenance, and 3rd Quarter Vendor Report be received.

CARRIED

7.4. 2024 Meeting Schedule

Lisa Burnside presented the memorandum.

BA 2326

MOVED BY: Jeff Beattie

SECONDED BY: Alex Wilson

THAT the memorandum entitled 2024 Meeting Schedule be received.

CARRIED

7.5. Records Retention Schedule Update and File Classification Scheme

Jaime Tellier presented a summary of the report.

BA 2327

**MOVED BY: Alex Wilson
SECONDED BY: Jeff Beattie**

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

THAT the Records Retention Schedule and File Classification Scheme, be approved, thereby replacing the Draft Records Retention Schedule, approved by the Board of Directors on May 2, 2019.

CARRIED

7.6. Records and Digital Initiatives Project Manager Priorities for 2024 – 2025

Jaime Tellier presented a summary of the report.

BA 2328

**MOVED BY: Alex Wilson
SECONDED BY: Jeff Beattie**

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

THAT the 2024 and 2025 priorities for the Records and Digital Initiatives Project Manager, as outlined in the report, be approved.

CARRIED

7.7. 2024 Mileage Reimbursement Rate

Nancy Watts presented a summary of the report.

BA 2329

**MOVED BY: Jeff Beattie
SECONDED BY: Maureen Wilson**

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

THAT this report be received for information; and further

THAT the HCA mileage reimbursement rate be increased to .61 cents per kilometre effective January 1, 2024.

CARRIED

8. New Business

There was none.

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

There were none.

10. Next Meeting

The next meeting of the Budget and Administration Committee is to be determined.

11. Next Meeting Adjournment

On motion, the meeting adjourned.

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Memorandum

TO: Budget & Administration Committee

FROM: Lisa Burnside, Chief Administrative Officer (CAO)

PREPARED BY: Marlene Ferreira, Director of Human Resources & Wellness

MEETING DATE: April 18, 2024

RE: Workplace Safety & Insurance Board (WSIB)
Year-end review report for 2023

BACKGROUND & PURPOSE

At HCA, we strive to maintain a healthy and safe workplace and take reasonable precautions and efforts to prevent workplace injuries and occupational diseases.

The Workplace Safety and Insurance Act, 1997 (WSIA), provides a no-fault insurance system managed by the Workplace Safety and Insurance Board (WSIB). This system is designed to support employees in the event of work-related injuries or diseases and work with employers to facilitate the return to work. It is our collective responsibility towards maintaining a secure and healthy working environment.

The purpose of this memorandum is to provide a summary of 2023 allowed WSIB claims as detailed in the table below.

STAFF COMMENTS

The data presented in this report is derived from the WSIB reportable incidents within our organization and our ongoing efforts to review, improve, and implement safety measures that protect our employees.

WSIB reportable injuries – 2023 year-end review (January to December 2023)
There are 12 allowed claims reported January through December 2023

| Claim Type | January to December 2023 | January to December 2022 |
|----------------------------|--------------------------|--------------------------|
| | Full time Staff | Full time Staff |
| Medical Aid (No lost time) | 5 | 1 |
| Lost Time | 3 | 0 |
| | Casual Staff | Casual Staff |
| Medical Aid (No lost time) | 1 | 5 |
| Lost Time | 3 | 1 |
| Year to Date Total | 12 | 7 |

Summary of Incident Types and Actions

- Of the main types of incidents that occurred in 2023, the top three occurrences of injuries were:
 - Strains by overextension
 - Cuts by using tools
 - Bumped heads on nearby equipment or structures

| Types of Incidents | Number of Incidents | Occurrences |
|---------------------------------|---------------------|--|
| Cuts, lacerations and punctures | 5 | <ul style="list-style-type: none"> • 3 incidents of cuts using tools • 1 incident of a cut using a knife • 1 incident of a puncture from a dog bite |
| Sprains and Strains | 5 | <ul style="list-style-type: none"> • 4 incidents of strains by overextension • 1 incident of a sprain because of a slip and fall |
| Concussions | 2 | <ul style="list-style-type: none"> • 2 incidents where employees bumped their head |

- While HCA has experienced an increase in the total number of incidents year over year none were severe.
- All incidents are shared and reviewed by the Joint Health and Safety Committee to guide and implement safety measures to mitigate future incidents and enhance workplace safety.
- In addition, to prevent injuries we continuously monitor for hazards and conduct safety audits which encourages employee engagement and participation.
- Regular safety training and refreshers on wearing PPE, safe tool handling and ergonomics are conducted by supervisors after any injury.

STRATEGIC PLAN LINKAGE

The initiative refers directly to the HCA Strategic Plan 2019 - 2024:

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

AGENCY COMMENTS

Not applicable.

LEGAL/FINANCIAL IMPLICATIONS

Financial implications were minimal in 2023 as we work with WSIB to ensure an early and safe return to work.

CONCLUSIONS

HCA generally maintains a good safety record with only minor reportable incidents. In the event of an injury it is important to facilitate the injured worker's return to work as quickly and safely as possible. HCA has a strong early return to work program, which is administered by Human Resources.

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Memorandum

TO: Budget & Administration Committee

FROM: Lisa Burnside, Chief Administrative Officer (CAO)

PREPARED BY: Jaime Tellier, Records & Digital Initiatives Project Manager

MEETING DATE: April 18, 2024

RE: 2023 Annual Statistical Reporting for Freedom of Information Requests

BACKGROUND & PURPOSE

Freedom of Information (FOI) requests are formal requests for records of the HCA. The Municipal Freedom of Information and Protection of Privacy Act (MFIPPA) establishes a general right of access to the information held by local governments and institutions and HCA is subject to this Act.

Under the Act, HCA is required to submit an annual report to the Information and Privacy Commissioner of Ontario (IPC) and collects statistics on the following parameters:

- Request source (e.g., individual, agent, business, media, academic, association, government);
- Number of requests transferred to or from another institution;
- Number of requests responded to within 30 days, 31-60 days, 61-90 days and more than 90 days;
- Number of requests where timelines were extended under allowable time extension;
- Number of requests where notices to affected parties were issued;
- Number of requests completed within legislated timelines, including extended timelines;
- Disposition of request:
 - All information disclosed
 - Partial information disclosed
 - No information disclosed

- Request withdrawn or abandoned
- No records exist
- Frequency of application of exemptions or exclusions to a request; and
- Fees collected and fees waived.

Staff regularly track the above-listed statistics and submit them annually to the IPC via an online survey.

The purpose of this memorandum is to advise the Budget & Administration Committee of the number of FOI requests received each year, and compliance with legislated timeframes for issuing responses.

STAFF COMMENTS

HCA generally receives few FOI requests. However, the variety and complexity of these requests may impact the timelines associated with administering the program. Staff strive to respond to all information requests within required timeframes set out in MFIPPA.

HCA received two information requests in 2023. One request was responded to in nine days, well within the 30-day required timeframe. A time extension was applied to the second request, as staff were awaiting a response from an external third party before being able to respond to the request. Extensions are permitted in the legislation. HCA's subsequent response to the requester was made within the permitted timeframe, including the extension.

All of the above was submitted to the IPC in HCA's 2023 statistical report, prior to the April 1, 2024 deadline.

STRATEGIC PLAN LINKAGE

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

- **Strategic Priority Area – Organizational Excellence**
 - Initiatives – Modernize records management and digitize historical records and archives

AGENCY COMMENTS

N/A

LEGAL/FINANCIAL IMPLICATIONS

N/A

CONCLUSIONS

HCA strives to respond to all information requests well within required timeframes set out in MFIPPA. As required, HCA submits the annual statistical report to the IPC, by the specified deadline. The 2023 report has been submitted, indicating that HCA responded to both requests within legislated timeframes.

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: April 18, 2024

RE: HCA Q4 Financial Results – Operating

Hamilton Region Conservation Authority

| | 12 mos. <u>2023</u> | 12 mos. <u>2022</u> | \$ <u>Variance</u> | Budget <u>2023</u> | Actual <u>2022</u> | \$ <u>Variance</u> |
|---------------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Watershed Management & Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Conservation Areas | \$ 1,965 | \$ 2,288 | \$ (323) | \$ 1,393 | \$ 2,317 | \$ (924) |
| Westfield Heritage Village | \$ 38 | \$ 160 | \$ (122) | \$ - | \$ 160 | \$ (93) |
| Central Support Services | \$ <u>100</u> | \$ <u>(730)</u> | \$ <u>830</u> | \$ <u>(1,393)</u> | \$ <u>(730)</u> | \$ <u>(663)</u> |
| Net surplus | \$ <u>2,103</u> | \$ <u>1,718</u> | \$ <u>385</u> | \$ <u>-</u> | \$ <u>1,747</u> | \$ <u>(1,747)</u> |

Summary of Results

The excellent summer results in Conservation Areas were again very strong and surpassed our expectation.

The weather once again provided HCA with positive conditions to drive visitors into Conservation

Areas and into HCA's newest amenity, the Cabins at Valens Lake.

Westfield Heritage Village exceeded expectations for a third straight year.

Central Support Services performed favourable to budget having generated high interest revenues.

HCA's 2023 surplus will go a long way in funding important initiatives such as the next phase of the Saltfleet Wetland Project, replenishing our land acquisition fund.

Watershed Management Services

| | 12 mos. <u>2023</u> | 12 mos. <u>2022</u> | \$ <u>Variance</u> | Budget <u>2023</u> | Actual <u>2022</u> | \$ <u>Variance</u> |
|--------------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | |
| Levy | \$ 1,703 | \$ 1,448 | \$ 255 | \$ 2,267 | \$ 1,448 | \$ 818 |
| Transfer from reserves | 671 | 2,638 | (1,967) | 22 | 2,638 | (2,616) |
| Permits, fees & misc. | 313 | 304 | 8 | 380 | 303 | 77 |
| Grants | 198 | 301 | (102) | 242 | 301 | (58) |
| Other | 10 | - | 10 | - | - | - |
| Total | <u>2,895</u> | <u>4,691</u> | <u>(1,797)</u> | <u>2,911</u> | <u>4,691</u> | <u>(1,779)</u> |
| Expenses | | | | | | |
| Staff | 1,895 | 1,750 | 145 | 2,585 | 1,750 | 835 |
| Contracts & Consultants | 711 | 2,684 | (1,973) | 30 | 2,684 | (2,654) |
| Materials & Supplies | 68 | 55 | 14 | 115 | 55 | 60 |
| Equipment | 44 | 31 | 13 | 35 | 31 | 4 |
| Utilities | 29 | 23 | 7 | 24 | 23 | 1 |
| Other | 147 | 149 | (2) | 123 | 149 | (25) |
| Total | <u>2,895</u> | <u>4,691</u> | <u>(1,796)</u> | <u>2,911</u> | <u>4,691</u> | <u>(1,779)</u> |
| Net surplus / (deficit) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Revenues

Municipal Levy continues to be the primary revenue source for WMS, and finished the year favorable to budget. Transfers from reserves to occur in Q4 to offset Project Costs found in Contracts & Consulting. Permits and fees finished the year unfavourable to budget, however, slightly higher than last year. Grants ended the year unfavourable to budget as fewer funding sources were available.

Expenses

Staff costs are higher than last year as expected, however, some roles were vacant for longer than anticipated, creating surplus, which HCA considers temporary as a full compliment is needed to complete scheduled work. Contractors and Consultant costs are lower than last year as work on Saltfleet Wetland had a spend far lower than prior year, \$2.1M in 2022 vs. \$442K in 2023. Costs which have been covered by transfers from reserves. All other expenses were near-budget, with no concerns.

Net surplus / (deficit)

A balanced Budget for the year has been achieved.

Conservation Areas

| | 12 mos. <u>2023</u> | 12 mos. <u>2022</u> | \$ <u>Variance</u> | Budget <u>2023</u> | Actual <u>2022</u> | \$ <u>Variance</u> |
|--------------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | |
| Admissions | \$ 3,563 | \$ 3,485 | \$ 78 | \$ 3,309 | \$ 3,485 | \$ (176) |
| Camping | 1,838 | 1,802 | 36 | 1,741 | 1,802 | (61) |
| Marina | 1,550 | 1,477 | 73 | 1,538 | 1,477 | 61 |
| Cabins | 181 | - | 181 | 188 | - | 188 |
| Concessions | 232 | 234 | (2) | 210 | 234 | (24) |
| Other | 454 | 530 | (76) | 412 | 530 | (118) |
| Total | <u>7,817</u> | <u>7,528</u> | <u>290</u> | <u>7,397</u> | <u>7,528</u> | <u>(130)</u> |
| Expenses | | | | | | |
| Staff | 3,203 | 2,803 | 400 | 3,349 | 2,803 | 545 |
| Equipment | 793 | 685 | 108 | 827 | 685 | 141 |
| Utilities | 375 | 336 | 39 | 383 | 336 | 47 |
| Materials & Supplies | 307 | 295 | 12 | 329 | 573 | (244) |
| Contracts & Consultants | 122 | 138 | (16) | 122 | 138 | (16) |
| Other | 1,053 | 981 | 71 | 996 | 675 | 321 |
| Total | <u>5,852</u> | <u>5,239</u> | <u>613</u> | <u>6,005</u> | <u>5,211</u> | <u>794</u> |
| Net surplus / (deficit) | <u>\$ 1,965</u> | <u>\$ 2,288</u> | <u>\$ (323)</u> | <u>\$ 1,393</u> | <u>\$ 2,317</u> | <u>\$ (924)</u> |

Revenues

Overall revenues are again up 4% over prior year, with the Camping, Marina, and the new Cabins performing exceptionally well. The revenue increase is largely a result of the launch of the Cabins at Valens Lake, providing a new revenue stream amounting to \$181K in 2023.

Marina operations were once again at full capacity, slightly exceeding annual budget expectations.

Camping exceeded previous highs, performing favourable to budget by +6%.

Other revenues were down from prior year, but exceeded budgeted expectations, ending the year +\$42K.

Expenses

Staffing costs were up significantly as expected over prior year, but remained under budgeted expectations.

All other costs tracked well to budget, with no concerns noted.

Net surplus / (deficit)

Admissions softness was expected but did not materialize, with Camping & Marina performance surpassing expectations. Camping at both Valens Lake and Fifty Point indicate the desire for the activity continues and may indicate 'new normal' performance levels going forward.

A nearly \$2.0M surplus is less than the prior year (\$2.3M), however, continues to deliver for HCA.

It is important to note that weather can have a substantial impact on Admissions and Camping revenues.

Poor weather can have a negative impact on Conservation Area revenues, and thus far, HCA has not had significant poor weather to contend with, however, it is still something to consider when evaluating performance.

Westfield Heritage Village Conservation Area

| | 12 mos. <u>2023</u> | 12 mos. <u>2022</u> | \$ <u>Variance</u> | Budget <u>2023</u> | Actual <u>2022</u> | \$ <u>Variance</u> |
|--------------------------------|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | |
| Levy | \$ 624 | \$ 624 | \$ 0 | \$ 624 | \$ 614 | \$ 10 |
| Events | 131 | 101 | 31 | 78 | 101 | (23) |
| Admissions | 80 | 71 | 9 | 72 | 69 | 3 |
| School Programs | 61 | 32 | 29 | 30 | 32 | (2) |
| Other | <u>42</u> | <u>117</u> | <u>(75)</u> | <u>78</u> | <u>128</u> | <u>(50)</u> |
| Total | 938 | 943 | (5) | 881 | 943 | (62) |
| Expenses | | | | | | |
| Staff | 608 | 521 | 86 | 558 | 521 | 37 |
| Equipment | 57 | 54 | 3 | 59 | 54 | 5 |
| Utilities | 56 | 59 | (3) | 60 | 59 | 1 |
| Advertising & Promotion | 38 | 21 | 17 | 100 | 21 | 80 |
| Materials & Supplies | 43 | 46 | (3) | 33 | 46 | (13) |
| School Programs | 28 | 16 | 12 | 15 | 16 | (1) |
| Other | <u>71</u> | <u>66</u> | <u>5</u> | <u>57</u> | <u>42</u> | <u>15</u> |
| Total | <u>901</u> | <u>784</u> | <u>117</u> | <u>881</u> | <u>784</u> | <u>98</u> |
| Net surplus / (deficit) | <u>\$ 38</u> | <u>\$ 160</u> | <u>\$ (122)</u> | <u>\$ -</u> | <u>\$ 160</u> | <u>\$ (160)</u> |

Revenues

City support remains the primary revenue source, amounting to \$624k of support.

Events have fully returned, performing exceptionally well, having far exceeded annual budgeted expectations significantly (Favourable to 2022 Actuals by +30%, and 2023 Budget by +68%).

Admissions improved in 2023, besting both budget and prior year by more than 10%.

A new expanded trail system was also launched in 2023, further bolstering the offerings at Westfield.

School programs fully returned in 2023, and ended the year favourable to budget by a factor of 2.

Other is down from prior year primarily as a result of a one-time Federal Grant having been received in 2022.

Expenses

Staff expense are the largest cost component and ended the year unfavourable to budget by \$50K.

All other expenses were within reasonable tolerances, and as a whole performed favourable to budget.

Net surplus / (deficit)

Overall, Westfield Heritage Village CA experienced a positive year, with earnings exceeding expenses by \$38K.

Westfield has a bright future, with many new trails available for visitors to enjoy in addition to the great amenities already available.

Central Support Services

| | 12 mos. <u>2023</u> | 12 mos. <u>2022</u> | \$ <u>Variance</u> | Budget <u>2023</u> | Actual <u>2022</u> | \$ <u>Variance</u> |
|---|------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenues | | | | | | |
| Levy | \$ 2,493 | \$ 2,677 | \$ (184) | \$ 1,943 | \$ 2,677 | \$ (733) |
| Equipment | 1,301 | 1,233 | 68 | 1,325 | 1,233 | 92 |
| Interest | 774 | 361 | 413 | 235 | 361 | (126) |
| Management fees | 536 | 438 | 97 | 500 | 438 | 62 |
| Foundation | 216 | 128 | 88 | 188 | 128 | 60 |
| Rental houses | 165 | 170 | (5) | 180 | 170 | 10 |
| Other | <u>126</u> | <u>(696)</u> | <u>823</u> | <u>74</u> | <u>(696)</u> | <u>770</u> |
| Total | 5,610 | 4,310 | 1,300 | 4,445 | 4,310 | 135 |
| Expenses | | | | | | |
| Staff | 3,539 | 3,020 | 519 | 3,467 | 3,020 | 446 |
| Utilities | 418 | 365 | 53 | 396 | 365 | 31 |
| Contracts & Consultants | 191 | 218 | (28) | 183 | 218 | (35) |
| Materials & supplies | 85 | 72 | 13 | 107 | 72 | 35 |
| Other | <u>1,278</u> | <u>1,365</u> | <u>(87)</u> | <u>1,685</u> | <u>1,365</u> | <u>321</u> |
| Total | <u>5,511</u> | <u>5,040</u> | <u>470</u> | <u>5,838</u> | <u>5,040</u> | <u>797</u> |
| Net surplus / (deficit) | <u>\$ 100</u> | <u>\$ (730)</u> | <u>\$ 830</u> | <u>\$ (1,393)</u> | <u>\$ (730)</u> | <u>\$ (663)</u> |
| Land, Vehicle & equipment activity | | | | | | |
| Donations & misc. | 2,650 | - | 2,650 | - | - | - |
| Transfer from Reserves | <u>2,863</u> | <u>3,571</u> | <u>(708)</u> | <u>300</u> | <u>3,571</u> | <u>(3,271)</u> |
| | <u>\$ 5,513</u> | <u>\$ 3,571</u> | <u>\$ 1,942</u> | <u>\$ 300</u> | <u>\$ 3,571</u> | <u>\$ (3,271)</u> |
| Land | 5,106 | 3,054 | 2,052 | - | 3,054 | (3,054) |
| Vehicles & misc. | <u>407</u> | <u>517</u> | <u>(110)</u> | <u>300</u> | <u>517</u> | <u>(217)</u> |
| | <u>\$ 5,513</u> | <u>\$ 3,571</u> | <u>\$ 1,942</u> | <u>\$ 300</u> | <u>\$ 3,571</u> | <u>\$ (3,271)</u> |

Revenues

Municipal Levy, was lower than last year and favourable to budget, with a larger portion of Levy coming to CSS than in 2022, as WMS needed fewer funds to break even than budgeted.

Equipment revenue is up from last year as an increase in fees was budgeted to cover higher maintenance costs and ended the year slightly unfavourable to budget -\$24K.

Management fees are higher than prior year as Lakeland Pool opened, after 2022's closure.

Interest income rose dramatically reflecting 2023's higher interest rates, doubling budgeted expectations as a result.

Expenses

Staffing is the major cost within CSS, ended the year slightly unfavourable to budget, albeit although significantly higher than the prior year due to salary increases.

Net surplus / (deficit)

The Budget for 2023 anticipated a decline from 2022 levels, however, this did not materialize.

Land, Vehicle & equipment activity

Funding from Environment and Climate Change amounting to \$1.25M was received in Q1 in relation to land acquisition. With an additional \$1.4M received from the sale of a surplus piece of land.

The final land purchase required to complete the Saltfleet Wetland Project was purchased in Q4 costing \$5.1M.

Vehicle and Equipment purchases have exceeded Budget as some equipment reached end of life sooner than expected, requiring replacement.

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: April 18, 2024

RE: HCA Twelve-Month Financial Results – Capital & Major Maintenance

CAPITAL WORKS: JANUARY THROUGH DECEMBER 2023

Valens Lake Conservation Area

Major Maintenance 42.6%

| | |
|----------------------|-----------|
| Utilities | \$ 59,333 |
| Bridges | 44,497 |
| Forestry | 11,012 |
| Building Maintenance | 8,501 |
| Other | 2,223 |

Project 57.4%

| | |
|------------------------------|------------|
| Lafarge Boardwalk | 59,213 |
| West campground expansion | 54,108 |
| Entrance Sign Upgrades | 30,335 |
| Lookout platform replacement | 22,348 |
| Other | 3,088 |
| | <hr/> |
| | \$ 294,658 |

Christie Lake Conservation Area

Major Maintenance 70.9%

| | |
|----------------------|------------|
| Tar & Chip | \$ 174,163 |
| Roads & Trails | 72,671 |
| Forestry | 25,759 |
| Building Maintenance | 14,681 |
| Other | 10,302 |

Project 29.1%

| | |
|------------------------------|--------|
| Webster autogate & gatehouse | 65,003 |
| Entrance Sign Upgrades | 29,617 |
| Causeway Culvert Review | 4,854 |
| Other | 22,398 |

419,448

Dundas Valley Conservation Area & Woodend**Major Maintenance 64.4%**

| | |
|----------------------|-----------|
| Building Maintenance | \$ 66,037 |
| Forestry | 43,974 |
| Roads & Trails | 34,002 |
| Other | 8,365 |

Project 35.6%

| | |
|------------------------------|--------|
| Woodend EV Charging Stations | 64,380 |
| Lower Lion's Club Parking | 8,954 |
| Artaban Parking Area | 6,783 |
| Other | 4,286 |

236,781

Fifty Point Conservation Area**Major Maintenance 54.0%**

| | |
|----------------------|-----------|
| Roads & Trails | \$ 52,012 |
| Building Maintenance | 48,026 |
| Bridges | 44,588 |
| Forestry | 16,665 |
| Other | 2,234 |

Project 46.0%

| | |
|----------------------------|--------|
| Baseline Road Access | 59,805 |
| Entrance Sign Upgrades | 28,063 |
| Equipment Non-Fleet | 25,556 |
| Lake & Marina Shoreline | 14,967 |
| Restaurant Kitchen Exhaust | 7,486 |
| Other | 3,701 |

303,103

Hamilton Mountain Conservation Area

Major Maintenance 70.6%

| | |
|----------------------------|-----------|
| Bridges | \$ 96,009 |
| Felker's Fencing Extension | 82,427 |
| Roads & Trails | 72,439 |
| Signage | 36,451 |
| Forestry | 9,177 |
| Other | 1,048 |

Project 29.4%

| | |
|---------------------------|--------|
| Mt. Albion Plantings | 43,881 |
| Saltfleet Masterplan | 26,846 |
| Master & Management Plans | 42,406 |
| Other | 11,035 |

421,719

Westfield Heritage Village Conservation Area

Major Maintenance 19.7%

| | |
|----------------------|-----------|
| Building Maintenance | \$ 14,973 |
| Bridges | 47,965 |
| Roads & Trails | 12,026 |
| Forestry | 4,348 |

Project 80.3%

| | |
|---|---------|
| Trail Improvements | 185,558 |
| Staff & Volunteer Building Improvements | 64,148 |
| Ironwood Building Improvements | 48,438 |
| Potts Office Improvements | 23,445 |
| Other | 1,022 |

401,923

Twelve months Capital and MM

\$ 2,077,632

| | |
|--------------------------|------------|
| Major Maintenance | 54% |
| Projects | 46% |

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: April 18, 2024

RE: HCA 4th Quarter Vendor Report

Vendor Summary for Payments October - December 2023

| | | |
|---|------------|---|
| NET ACCESS SYSTEMS INC | \$ 125,492 | IT Services (Hardware/Software/Support) |
| FREW ENERGY INC | 70,799 | Gas & Diesel |
| KING FENCE SYSTEMS | 70,049 | Felkers Falls Fencing |
| OLIVER LUMBER (GOODFELLOW INC.) | 61,353 | Boardwalk Maintenance |
| JOHNSTON MASONRY | 33,448 | Christie, Fifty and Valens entrance signs |
| CENTRE LINE SIGNS | 27,687 | Entrance signs - various sites |
| MASCORE INC | 27,346 | Lafarge Boardwalk Metal Beams, etc. |
| WATER'S EDGE ENVIRONMENTAL SOLUTIONS TEAM I | 26,386 | Saltfleet Wetland Design |
| LAFARGE CANADA INC | 25,586 | Gravel at various sites |
| BEARD WINTER LLP | 24,574 | Legals fees |
| BEATTIES BASICS OFFICE PRODUCTS | 24,536 | Office Supplies & Furniture |
| FINE LINES SIGNS CO | 24,431 | Eramosa Karst Signage |
| DURABOND JANITORIAL SERVICES LTD | 21,346 | Janitorial services |
| GRANICUS CANADA HOLDINGS ULC | 19,406 | Website public engagement subscription |
| SIX NATIONS OF THE GRAND RIVER | 17,406 | Saltfleet Archaeological Monitoring |
| GOWLING WLG (CANADA) LLP OTTAWA | 17,165 | Legals fees |
| 2WA CONSULTING INC | 16,908 | Consulting fees |
| WES MABEE MECHANICAL | 16,800 | Service at various sites |
| ONTARIO INFRASTRUCTURE AND LANDS CORP. | 15,118 | Property Tax 2023 |
| MINISTER OF FINANCE/MTO | 14,849 | License Plate Renewals 2024 |
| PALUSKI BOATS LIMITED | 14,735 | Christie Lake Canoes |

| | | |
|-----------------------------|----------------------------|--|
| AJ-SSIS SECURITY INC. | 14,470 | Webster & Tews Falls Parking Lot Security |
| DETRITUS CONSULTING LIMITED | 14,001 | Fifty Point Wetland Archaeological |
| HR DOWNLOADS INC. | 13,841 | HR Training for staff |
| CAMIS INC. | 13,648 | Reservation fees |
| GUILLEVIN INTERNATIONAL CO. | 13,570 | EV Charger installation work, Valens service |
| STONE CREEK PAVING INC. | 12,882 | Conderation Beach Park Trail |
| KETCHUM CANADA (2002) INC. | 11,865 | Feasibility Study |
| FLOATATION CANADA INC. | 11,549 | H&G dock liners at Fifty Point |
| FAIRWAY ELECTRICAL SERVICES | 11,405 | Service relocation at Westfield |
| LENOVO CANADA INC | 11,227 | Computer Hardware |
| PETO MAC CALLUM LTD | 10,989 | WMS Monitors at old landfill site |
| CANADIAN TODS LTD. | 10,848 | QEW road side signs |
| MARCO'S PAINTING & DECOR | 10,566 | Confederation Beach Park Entrance Painting |
| ENERGY@WORK INC | 10,046 | Energy and water audit |
| | <u>866,322</u> | 69.2% |
| All other < \$10,000 | <u>386,373</u> | 30.8% |
| | <u><u>\$ 1,252,695</u></u> | |

| | | |
|--------------------------------|-------------------|-------|
| # of Large Vendors | 35 | 13.1% |
| # of Small Vendors (<\$10,000) | <u>233</u> | 86.9% |
| | <u><u>268</u></u> | |

Memorandum

TO: Budget & Administration Committee

FROM: Lisa Burnside, Chief Administrative Officer (CAO)

PREPARED BY: Scott Fleming, Director, Finance & Central Support Services

MEETING DATE: April 18, 2024

RE: General Insurance Renewal – 2024

BACKGROUND & PURPOSE

Insurance serves as an important safeguard for HCA, protecting against unforeseen risks. Our general insurance coverage provides reassurance against liabilities, property damage and other potential losses.

HCA is a participating member of the Conservation Ontario General Insurance and Benefits Subcommittee (Insurance Committee). The Insurance Committee was formed in 1986 to act as a buying group to secure reasonable insurance rates through the power of bulk purchasing, facilitate the sharing of administration costs and risk management expertise/experience, and to help offset the impact of significant claims that may arise at one Authority. The committee oversees insurance matters including policy terms, renewals, loss reviews and annual review and approval of renewal terms.

The purpose of this memorandum is to advise the Budget & Administration Committee on the renewal of general insurance for 2024 and the cost of our premiums.

STAFF COMMENTS

Marsh is the current insurance broker for Conservation Authorities. Since being appointed in 2014, they have negotiated many favourable renewals. Marsh provides ongoing service to all Conservation Authorities, including practical expertise on risk management matters and assistance with claims management.

Coverage details:

The insurance policy encompasses a comprehensive range of coverage, as highlighted below and detailed under the Legal/Financial section:

- Property Insurance – provides protection against damage or loss of physical assets such as buildings, equipment, facilities due to perils like fire, theft, vandalism and natural disaster
- Liability Insurance – offers coverage against claims arising from third-party bodily injury, property damage or personal injury lawsuits
- Professional Indemnity Insurance: Shields against legal expenses and damages arising from professional negligence, errors or omissions in service delivery
- Cyber Insurance: Guards against cyber threats, including data breaches, hacking incidents and cyber extortion

On behalf of HCA, Marsh also sources insurance coverage unique for our organization in relation to Confederation Beach Park and Fifty Point Conservation Area marina.

Earlier this year, the Insurance Committee met with Marsh to review proposed premiums and coverage for 2024-2025. The Committee approved the April 1, 2024 renewal as recommended by Marsh. A summary of HCA's 2024-2025 premiums is included below.

For the suite of coverage negotiated through the Insurance Company, HCA's insurance costs will decrease by \$6,834, or 2%, with total premiums for the policy period being \$273,340. A summary of the current insurance program structure is included as Appendix A. It was noted that the insurance market has softened substantially compared to recent years.

HCA's additional insurance policies for marina related operations have increased by \$1,940 or 7%, with total policy premiums of \$33,315. HCA also holds a small drone insurance policy with a premium of \$1,129, a 5% decrease from the previous year. HCA's total insurance costs for 2024-2025 will be \$307,604.

As per the management agreement for Confederation Beach Park, HCA is required to obtain insurance coverage for its operations which is included as an expense for that entity. Its renewal cost will be determined in June.

STRATEGIC PLAN LINKAGE

The initiative refers directly to the HCA Strategic Plan 2019 - 2024:

- **Strategic Priority Area – Organizational Excellence**
 - Initiatives – Collaborate and share services, expertise and resources with neighbouring conservation authorities and Conservation Ontario.

AGENCY COMMENTS

N/A

LEGAL/FINANCIAL IMPLICATIONS

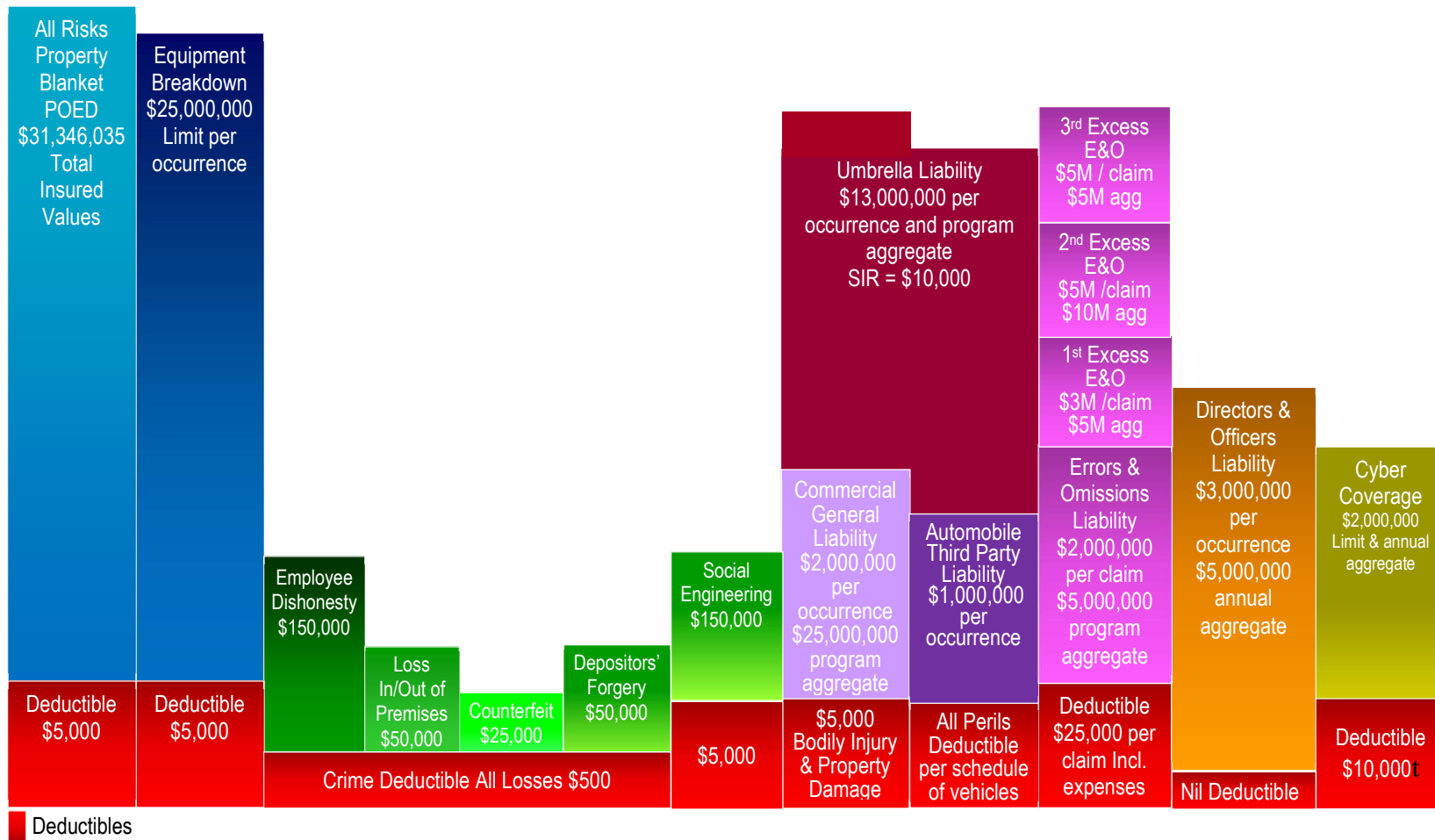
| <u>POLICY</u> | <u>2023-2024</u> | <u>2024-2025</u> | <u>Change</u> | <u>% Change</u> |
|--------------------------------------|-------------------------|-------------------------|----------------------|------------------------|
| Commercial General Liability (CGL) | \$62,288 | \$60,057 | -\$2,231 | -4% |
| Umbrella Liability | \$18,282 | \$18,124 | -\$158 | -1% |
| Property | \$84,298 | \$86,265 | \$1,967 | 2% |
| Errors and Omissions | \$33,193 | \$28,400 | -\$4,793 | -14% |
| Directors and Officers' Liability | \$4,002 | \$5,003 | \$1,001 | 25% |
| Automobile | \$22,030 | \$19,675 | -\$2,355 | -11% |
| Equipment Breakdown | \$2,472 | \$2,539 | \$67 | 3% |
| Crime | \$878 | \$878 | \$0 | 0% |
| Cyber | \$21,196 | \$21,196 | \$0 | 0% |
| Confederation Park General Liability | \$288,918 | Renews June 1, 2024 | N/A | N/A |
| Drone Insurance | \$1,188 | \$1,129 | -\$59 | -5% |
| Marina Operators Legal Liability | \$26,225 | \$28,165 | \$1,940 | 7% |
| Owned Workboat | \$4,970 | \$4,970 | \$0 | 0% |

CONCLUSIONS

The general insurance renewal for HCA offers a balance between cost-effectiveness and comprehensive coverage to help insulate in the face of liabilities, property damage and other potential losses.

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Hamilton Region Conservation Authority Current Program Structure



Hamilton Region Conservation Authority

Current Coverage Overview

| Coverage | Limit | Deductible |
|---|--|---|
| Property - All Risk | Blanket POED, Total Insured Values: \$31,346,035 | \$5,000 |
| Equipment Breakdown | \$25,000,000 Limit per occurrence | \$5,000 |
| Crime - Employee Dishonesty | \$150,000 | Crime Deductible All Losses \$500 |
| Crime - Loss In/Out of Premises | \$50,000 | Crime Deductible All Losses \$500 |
| Crime - Counterfeit | \$25,000 | Crime Deductible All Losses \$500 |
| Crime - Depositors' Forgery | \$50,000 | Crime Deductible All Losses \$500 |
| Crime – Social Engineering | \$150,000 | \$5,000 Deductible |
| Commercial General Liability | \$2,000,000 per occurrence \$25,000,000 program aggregate | Bodily Injury & Property Damage Deductible \$5,000 excluding expenses |
| Automobile Third Party Liability | \$1,000,000 per occurrence | All Perils Deductible: As per Schedule of Vehicles Buses \$2,500 |
| Errors & Omissions (E&O) Liability | \$2M per claim/\$5M program aggregate incl.expenses | Deductible \$25,000 per claim including expenses |
| 1st Excess E&O | \$3M per claim/\$5M program aggregate incl.expenses | |
| 2nd Excess E&O | \$5M per claim/\$10M program aggregate incl.expenses | |
| 3rd Excess E&O | \$5M per claim/\$5M program aggregate incl.expenses | |
| Umbrella Liability | \$13,000,000 per occurrence and program aggregate. SIR = \$10,000 | |
| Directors & Officers Liability | \$3,000,000 per occurrence \$5,000,000 annual aggregate | \$Nil for non-indemnifiable losses against Insured Persons \$Nil Employment Practices Liability losses including expenses \$Nil All other losses including expenses |
| Cyber Coverage | \$2,000,000 Policy Limit \$2,000,000 Annual Aggregate \$10,000,000 program aggregate | Deductible \$10,000 |

Report

TO: Budget & Administration Committee

FROM: Lisa Burnside, Chief Administrative Officer (CAO)

RECOMMENDED BY: Matt Hall, Director; Capital Projects & Strategic Services

PREPARED BY: Nicholas Oleschuk, Asset Management Coordinator;
Capital Projects & Strategic Services

MEETING DATE: April 18, 2024

RE: 2024 Asset Management Strategy

STAFF RECOMMENDATION

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

THAT the HCA 2024 Asset Management Strategy be approved.

BACKGROUND & PURPOSE

Over time, HCA has acquired a substantial portfolio of capital assets, including infrastructure, facilities and equipment which are important for fulfilling its mandate. Staff have identified that HCA would benefit from a more structured approach to asset management to better manage assets over their lifecycle.

The approved 2024 budget contained provisions to dedicate an existing HCA staff member to lead and coordinate an Asset Management Strategy (AMS) and program for the organization. The AMS is a foundational document which will drive the overall direction of the program and its subsequent phases.

The purpose of this report is to seek Board approval for the 2024 Asset Management Strategy (AMS) that has been developed and the processes prescribed within it.

STAFF COMMENT

The AMS began development in December 2023 by the HCA's Asset Management Coordinator with feedback from the Executive Team members. The strategy's initial phase is to establish a comprehensive Land Improvements inventory, which will detail all physical infrastructure assets currently owned, managed and maintained by the HCA.

The development and completion of the inventory for Land Improvements will provide insight into how well an asset is performing, its overall condition, its estimated service life, along with estimated replacement cost information. This will improve the HCA's ability to adequately budget and plan future capital infrastructure maintenance and replacement projects.

The Asset Management Program has been initially divided into three phases:

- Phase 1 – Asset Management Strategy & Land Improvements inventory
- Phase 2 – Risk Management & Financial Assessment, Asset Management Plan for Land Improvements
- Phase 3 – Purchased Assets inventory

The AMS also outlines who will be involved with the process. An internal working group has been formed which will consist of the Asset Management Coordinator, as well as relevant HCA directors and staff that interact with assets on a daily basis. The Asset Management Working Group (AMG) will steer the direction of the asset inventory, and any future phases of the AM Program. The AMG is a critical component of the strategy, as it will allow HCA business units to collaborate and tailor any documents to best suit the HCA's organizational needs.

The Land Improvements inventory database is required to be established prior to the completion of an overall Asset Management Plan. In order to make informed decisions on changes to infrastructure, it is critical to understand what infrastructure is operational, where it is located, and its current state of repair. The complete inventory for the Land Improvement assets is expected to take a substantial amount of time, with the HCA's current target being November 2025.

Upon completion of the asset inventory for Land Improvements, the next step is to generate risk management, performance evaluations, and financial assessments. These topics were only briefly introduced in the final section of the AMS. A second iteration of the AMS will outline details of these concepts and will contain processes for how the HCA will implement them, with the ultimate goal of creating a comprehensive Asset Management Plan for the Land Improvement assets.

STRATEGIC PLAN LINKAGE

The initiative refers directly to the HCA Strategic Plan 2019 - 2024:

- **Strategic Priority Area – Organizational Excellence**
 - Initiatives – support the capital development and major maintenance program to enhance our facilities and ensure they are safe, functional and current.

AGENCY COMMENTS

N/A

LEGAL/FINANCIAL IMPLICATIONS

The development of this strategy and any works related to Phase 1 of HCA's asset management program (AMG meetings, asset inventory data collection & development) is covered under current budget allocations.

Future iterations of the asset management program will look at financial assessments of HCA assets. The outcomes of these assessments will provide the HCA with information that may dictate changes to infrastructure or other assets. External consultants and specialists may be required for future phases of this strategy.

For municipalities, Ontario Regulation 588/17 under the Infrastructure Jobs and Prosperity Act, introduced a legislative municipal requirement to develop Asset Management Plans (AMP). For HCA municipal partners, (City of Hamilton and Township of Puslinch), most assets are now incorporated into an AMP. Ontario Regulation 686/21 under the Conservation Authorities Act, mandated AMPs for Water & Erosion Control Infrastructure, which is currently under development by the HCA.

CONCLUSIONS

The purpose of developing an AMS is to ensure the optimal utilization, maintenance and renewal of HCA's capital assets throughout their lifecycle. The AMS is the first of a series of documents related to asset management the HCA is developing and implementing. The current iteration of this strategy provides important context for asset management and direction for HCA staff to move forward with creating the necessary asset inventories and plans. This strategy will be treated as a "living document" which will be continually updated and improved as future phases of the overall Asset Management Program are implemented.

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Asset Management Strategy

March 2024

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Glossary

Asset Management Program (AM Program) – The Asset Management Program is a compilation of inventories, documentation, and plans related to Asset Management. The AM Program also includes the Operation & Maintenance of all assets, and Life Cycle delivery decisions. The two primary documents are the Asset Management Strategy and Asset Management Plan.

Asset Management Plan (AMP) – The Asset Management Plan is a comprehensive document that provides detailed information regarding the condition, risk, financials, and Life Cycle management activities of any given asset.

Asset Management Strategy (AMS) – The Asset Management Strategy is a high-level document that provides guidance on the implementation of asset management objectives, such as the Governance Model, Asset Inventory, and Condition Scoring. It is a constantly evolving document that will phase in new asset management objectives as required.

Asset Management Working Group (AMG) – A group of individuals from HCA business units that guide the AM Program.

Asset Inventory – A comprehensive data source which contains a catalogue of asset data, including attribute information for all assets. May also be referred to as the “Inventory” in the context of this document.

The Institute of Asset Management – A not-for-profit, professional body that is internationally recognized for its development of Asset Management concepts and practices.

Performance – The evaluation of the four main levels of service (Capacity, Function, Physical Condition, and Affordability) which determine how an asset performs, as well as the risks that are associated with an asset.

Records Management – The efficient and systematic control of the creation, receipt, maintenance, use, and disposition of records.

1. Executive Summary

Hamilton Conservation Authority (HCA), located at the western end of Lake Ontario, is the area's largest environmental management agency. Our work includes protecting against flooding and erosion, managing conservation and recreational lands, and promoting environmental stewardship and education. We own or manage 4,732 hectares (11,695 acres) of land, representing 10% of our watershed, and over 147 kilometres of trails. The HCA has a large quantity of tangible assets within its lands, such as Land Improvements, Purchased Assets, and Natural Hazard Infrastructure. Some of these assets not only improve the experience of visitors, but also protect against hazardous flooding events.

HCA is developing an Asset Management Program (AM Program), which consists of an Asset Management Strategy (AMS) and Asset Management Plan (AMP), to manage tangible assets effectively and efficiently. The strategy will provide high-level details regarding the implementation and framework of an AMP, while the AMP will document detailed information of any given asset. These documents will allow the HCA to prioritize the use of resources over a 10-year cyclical period and avoid potential failures in critical pieces of infrastructure.

The first phase of the AM Program, which this strategy covers in detail, will address the collection of data and the creation of an Asset Inventory for Land Improvement assets. Future phases will look to expand and interpolate the data to provide Risk Assessments with a focus on criticality and performance, as well as Financial and Life Cycle Activities.

The strategy should be viewed as a living document that will continue to change over time, and as the HCA adapts further related policies.

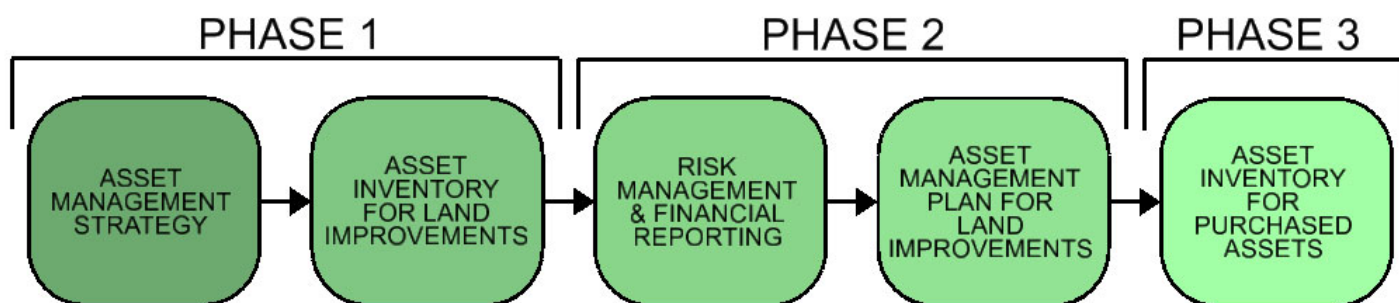


Figure 1 – Phases of HCA's Asset Management Program (subject to change)

2. Introduction & Legislation

HCA's strategic plan has set out broad strategic priority areas which are interconnected and advanced through the development of initiatives, programs and services in a coordinated manner. A key initiative within the existing plan is to "support the capital development and major maintenance program to enhance our facilities and ensure the are safe, functional and current". A renewed strategic plan which is in process also speaks to enhancing how we manage assets through their lifespan.

HCA must reasonably maintain conservation areas and assets to uphold visitor and staff safety to reduce the risk of legal repercussions. Additionally, continuous capital development keeps the conservation areas accessible and improves the overall experience of visitors. The AM Program, which consists of a strategy and plan, are key tools to successfully achieve this initiative.

The conservation of natural heritage features is another priority area in HCA's strategic plan. One of the initiatives that will be supported by the AM Program is to "Identify and undertake restoration projects based on monitoring programs and master plans". The supporting documentation and databases generated by the AM Program can be used to enhance the master plans with accurate information. As the HCA continues to make developments on its lands, sustainable approaches and the potential impact to the natural heritage features will be assessed to ensure a healthy watershed.

It is important to note that HCA's AM Program will not only support the initiatives highlighted above, but many initiatives in the Strategic Plan. The implementation of the AMS (this document) will establish a calculated approach to the management of assets, and introduce new concepts that will support risk assessment, performance and financial strategies. The Asset Inventory and AMP will consolidate data which will provide complete, accurate, and reliable information. Having detailed documentation of the tangible assets in the watershed will allow for informed decision-making, in-depth risk assessment, and provide essential financial information for years to come.

HCA lands contain a multitude of assets. There are close to 100 bridges, 15 kilometers of internal roadways, 2 kilometers of boardwalks, 170 buildings, 145 kilometers of trails, kilometers of underground and overland utilities, and many other Land Improvement assets such as fencing and gates. HCA's fleet contains trucks, trailers, heavy construction equipment, as well as lawn mowers and many other landscaping tools. These are just a few examples of the many assets across the watershed. The development of formalized strategies and plans to inventory and assess these assets will be a long process, however the outcome will have positive effects for all HCA divisions.

There are three main Ontario Regulations that shall be followed to develop a complete Asset Management Plan:

- Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure

- Ontario Regulation 686/21: Mandatory Programs and Services (under the Conservation Authorities Act)
- Ontario Regulation 687/21: Transition Plans and Agreements for Programs and Services Under Section 21.1.2. of the Act (under the Conservation Authorities Act)

In Section 5 of O. Reg. 686/21 Mandatory Programs and Services, it is outlined that Conservation Authorities with Natural Hazard Infrastructure are required to develop and implement an AMP by December 31, 2024. The Hamilton Conservation Authority does operate Water Control Infrastructure and is therefore legislatively required to have an Asset Management Plan for these specific pieces of critical infrastructure. The HCA is currently developing a Natural Hazard Infrastructure Asset Management Plan and is supplemental to the AMS.

3. Asset Management Objectives

In general, the AM Program will support the three main branches of asset management and planning: Levels of Service, Cost of Service, and Risk. Figure 2 shows how these branches are interconnected and directly support each other.

Levels of Service

- Develop strategies and plans pertaining to HCA assets and asset management.
- Develop and implement a process to inventory all HCA assets.
- Generate maps that correlate to asset management using GIS systems.
- Evaluate the Asset Inventory and compile detailed information for primary and secondary datasets.

Risk

- Provide condition scoring and a criticality rating for any given asset.
- Develop a risk management matrix that prioritizes maintenance, replacement, or other Life Cycle activities of HCA assets.
- Ensure data is updated and verified within the asset management program at set intervals.

Cost of Service

- Reduce asset Life Cycle costs by effectively managing maintenance, refurbishment, and replacement opportunities.
- Provide 10-year forecasts that facilitate efficient planning, construction, maintenance, and operations.

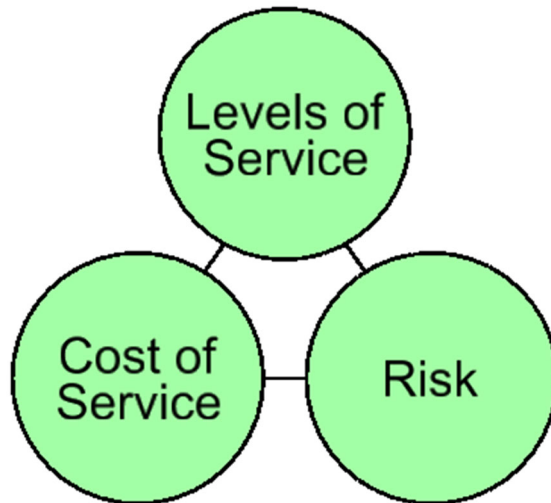


Figure 2 - Drivers of Asset Management – Referenced from 'Introduction to Asset Management Course' provided by McMaster University

4. Asset Management Governance

The governance structure shown below (Figure 3) is a foundational element to the AM Program. Understanding the roles and responsibilities of each party will guide the development and application of the AMS and AMP.

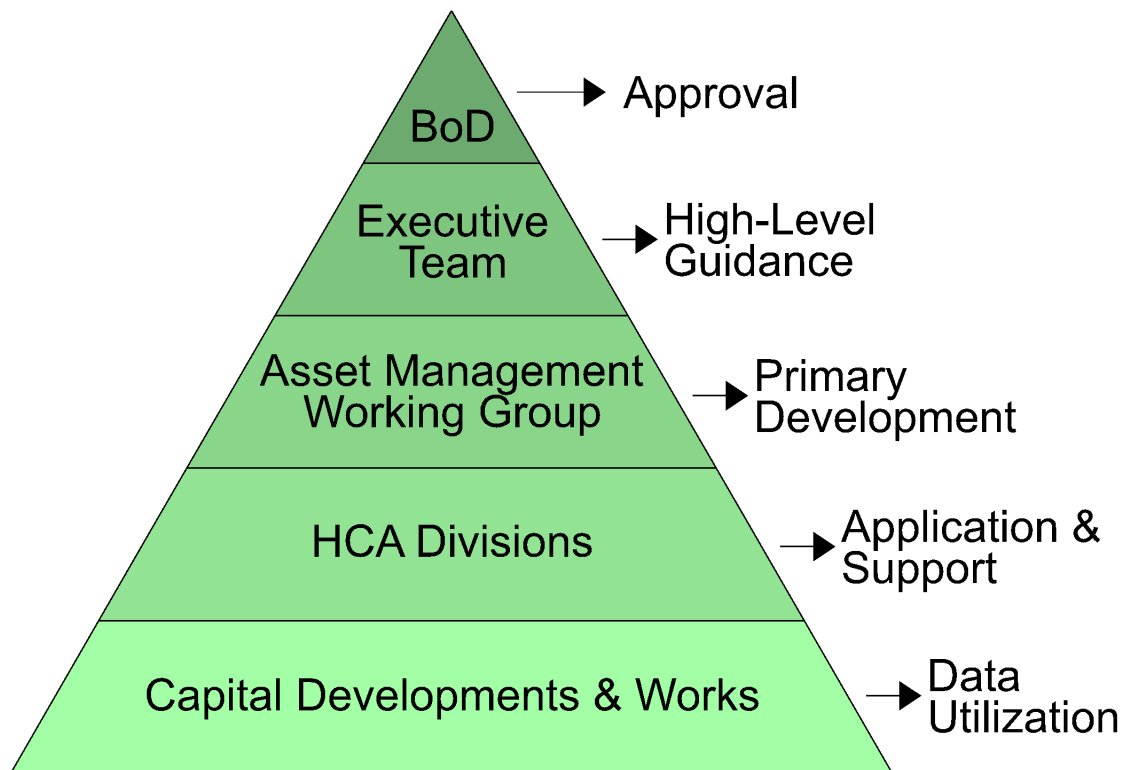


Figure 3 - Asset Management Governance Pyramid – Adapted from TRCA Asset Management Strategy (2019)

Board of Directors (BoD)

The Board of Directors is responsible for the overall management of the Authority, with a focus on five main functions:

- Strategic planning
- Financial oversight
- Corporate policymaking
- Executive Management oversight
- Governance and legal compliance

With regards to asset management, the HCA's Board of Directors approves the corporate strategy/policy and annual budgets for both operating and capital to implement the AM program.

Executive Team

The HCA's Executive Team is the senior leadership team within HCA. With regards to asset management, the Executive Team endorses and recommends the Asset Management Strategy and Plan to the Board of directors and any subsequent updates. The Executive Team will also review any supporting documentation that is generated from the Asset Management Plan, such as Risk assessments, service conditions and financial strategies.

Asset Management Working Group

The Asset Management Working Group (AMG) allows selected business units to collaborate on and develop the AM Program. The AMG consists of the following key contributors:

- Asset Management Coordinator, Capital Projects and Strategic Services (Chair)
- Director, Capital Projects and Strategic Services
- Director, Finance and Central Support Services (or Alternate)
- Construction Projects Manager, Capital Projects and Strategic Services
- Manager of Water Resources Engineering, Watershed Management Services
- Senior Managers (East and West), Conservation Area Services (or Director CAS)

The AMG is the primary developer of the AM Program. The execution of key framework items later outlined in this strategy are solely developed by the AMG, with the support of specified groups.

HCA Divisions

There are currently five Divisions within the Hamilton Conservation Authority. These Divisions have varying day to day operations that support the organization. The Divisions will implement any new practices introduced by the AM Program and provide any data requested by the AMG. The Divisions will report any changes in the assets they manage or operate, and ensure certain assets are maintained and in a state of good repair.

Capital Developments & Works

Capital Developments & Works will implement the new business processes and data tracking strategies that stem from the AM Program. Capital Developments & Works will be assessed to ensure they are meeting the desired level of service, cost performance, and desired risk as described in the AMP. This assessment will be done using all available data.

5. Asset Management Framework

The Asset Management Framework as shown in Figure 4 outlines how different components of the AM Program will interact with each other, and how high-level decisions regarding assets will be implemented in day-to-day operations. The initial planning of Asset Management is informed by Legislative and Internal/External Expectations. The AMP developed for Natural Hazard Infrastructure, for example, is a direct result of legislation passed by the Ontario Government. The other sections of the AMP are being implemented to support better levels of service, and to be aligned with our Municipal partners and other Conservation Authorities. The Strategic Plan for the Hamilton Conservation Authority defines a high-level vision and objectives that consolidate the expectations from the initial step.

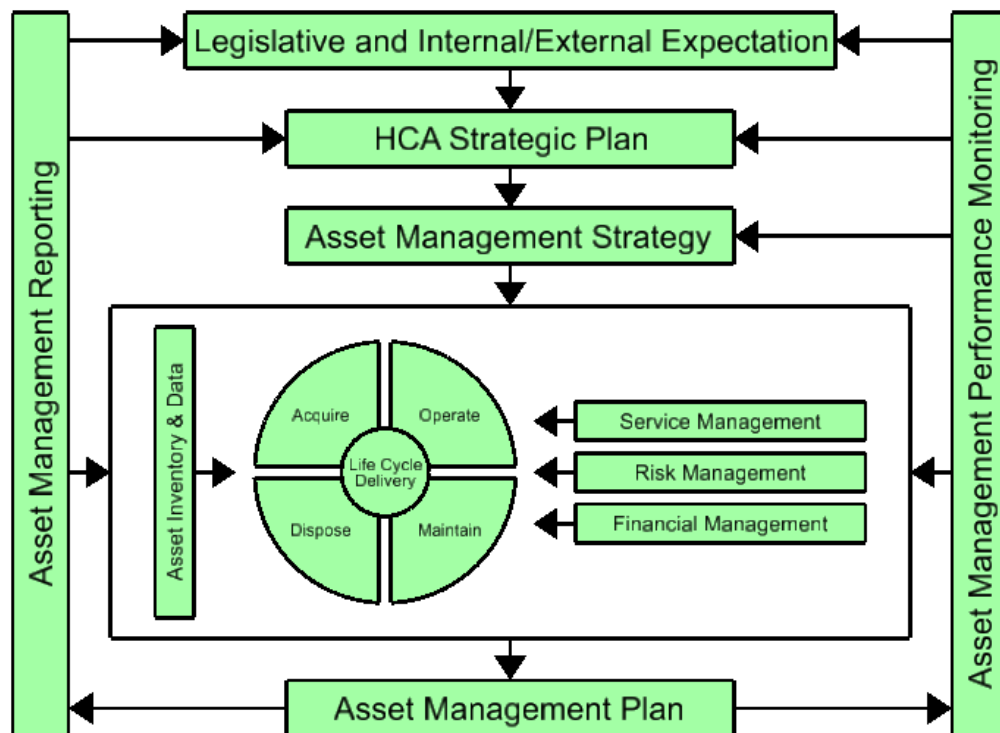


Figure 4 - Asset Management Framework – Adapted from TRCA Asset Management Strategy (2019)

The Asset Management Strategy develops the foundation for the Asset Management Plan and the Life Cycle Delivery for the assets (Operation & Maintenance). The AMS describes the high-level topics such as governance, framework, and data & information

prior to any Asset Management Planning, and provides information on how the Asset Inventory will be gathered.

The core of the Asset Management Framework is the Life Cycle Delivery. By using a combination of asset data and parameters set out in the different management categories (Service, Risk, and Financial), it will become clear on how to approach any given asset. Once all of the relevant data has been consolidated, it may then be used to create the AMP. The AMP breaks down the individual asset categories and reports on various service areas. The AMP will also outline long-term financial forecasting, which will allow for more efficient budgeting.

Once the AMP has been created, implementing the recommended approach and best practices for assets will be monitored. If a certain solution isn't working as intended, it can always be reevaluated through the AMS or the Life Cycle Delivery.

Maturity Levels

Maturity Levels in Asset Management evaluate the progress and development of topics and concepts in Asset Management. These topics include Asset Management Strategies, Plans, Inventories, Management practices, and much more. The level of maturity can be plotted on a 0-5 scale, as seen in Figure 5. Through the AMS, the HCA has become aware of the foundational topics that drive Asset Management, which is level 1. There are many more topics to explore in later phases of the AMS. The goal is to reach level 3 for most topics, which indicate that the HCA is competent in the respective topics and can achieve the goals originally set out. Levels 4 and 5 look at optimization strategies, and ultimately achieving a level of excellence. The schedule found in Appendix A shows how these concepts will mature over time to a competent maturity level.

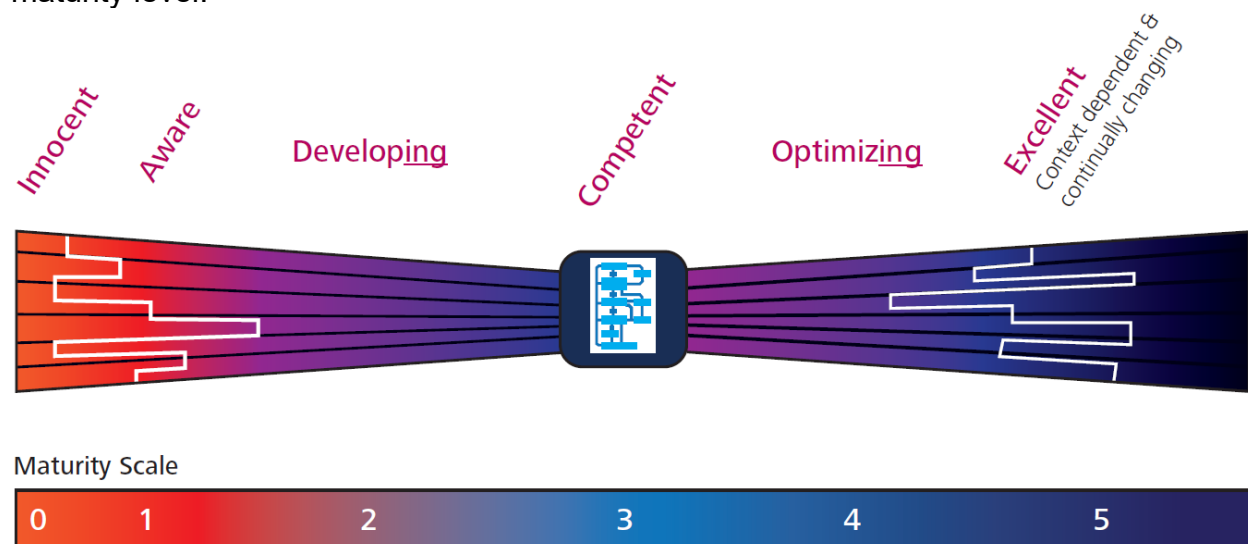


Figure 5 - Asset Management Maturity Scale – Referenced from The Institute of Asset Management 'Excellence & Maturity' webpage: [IAM - Excellence & Maturity \(theiam.org\)](https://theiam.org). Accessed on March 4, 2024

6. Asset Inventory & Data

An Asset Inventory is a comprehensive data source which contains a catalogue of asset data, including attribute information for all assets. This attribute information includes detailed asset information such as condition, age, replacement values, and specific asset info (materials, measurements, etc.). At the time of writing this strategy document, the HCA does have some information on key infrastructure and Land Improvements. However, the data is spread across multiple databases and sources, and the accuracy of some data needs to be reviewed and verified. In some cases, the history of an asset may be completely unknown, or have no formal records.

Effective management of data and information is a critical component of the Asset Inventory and the AM Program as a whole. In order to create an Asset Inventory that can be relied upon, the data within it must be readily available and of adequate quality to support business decisions and conclusions. Capital improvements and large financial investments rely on this information to generate arguments for their consideration. Having a high degree of data confidence will ensure the asset management program is successful right from its inception. There are two key components of data and information management that promote high data confidence: Data Standards and the Information Life Cycle. These concepts will be expanded upon in the following subsections.

The Records Management Program is an important component when it comes to data management. This program was initiated by the HCA in 2019, and looks to maintain evidence of information and business activities in the form of records. In the Records Retention Schedule, Asset Management has been listed as a record series with unique parameters for filing and retention. The AM Program will conform to the objectives set out by the Records Management Program, by ensuring data is retained appropriately and filed as per the Records Management Procedures.

The Asset Inventory will accomplish the following objectives:

- Compile existing asset databases into one central data source.
- Inventory all physical HCA assets using the best data gathering processes.
- Create a new asset designation that can be applied to all assets.
- Create processes for data gathering with an emphasis on high data confidence.
- Breakdown assets into hierarchies that can be easily interpreted.
- Allow data to be broken out into specific reports for the development of supplemental documentation (Risk Management, Financial Statements, etc.)
- Assess the condition of key pieces of infrastructure and Land Improvements.

Classification & Hierarchy

Before any data can be gathered for the Asset Inventory, it is important to define what assets will be included within the HCA's AM Program.

- All assets shall only consist of “Fixed Assets”. A Fixed Asset is a long-term tangible piece of property or equipment that is owned and used for operations. Fixed Assets do not necessarily have to be fixed (stationary or immobile) in all senses of the word.
- Consequently, Land, Natural and Intangible assets will not be included in the Asset Management Program.

A foundational element to the Asset Inventory is classifying assets in a hierarchy. The asset classification breaks out assets by the service they provide.

| Class | Subclass | Asset Examples |
|---|---|---|
| Land Improvements (Phase 1) | Structures Access Control Roads & Trails Utilities Mechanical Equipment | Buildings Gates & Fences Roads & Parking Lots Water Mains Generators |
| Purchased Assets (Phase 2) | Fleet & Machinery Small Equipment Fixtures, Furniture & Stationary Equipment Computers & Software | Trucks & SUVs Lawn Mowers & Trimmers Office Furniture Computers IT Infrastructure |
| Natural Hazard Infrastructure (Under Development) | (See Natural Hazard Infrastructure AMP) | |

Land Improvement assets are generally permanent infrastructure components that can be found on all HCA lands, including the Administrative Office. Some of these assets, such as bridges and buildings, have comprehensive databases already. Land Improvement assets will be inventoried in Phase 1 of the AM Program, and will set the baseline for future phases.

Purchased assets are fixed assets that aren't directly integrated with HCA lands. In most cases, these assets are pieces of equipment that can be easily transported, or don't necessarily have an assigned location. These Assets will be inventoried in a later phase of the AM Program, after the Land Improvements section has been fully detailed.

A more thorough breakdown of the Classification can be found in Appendix B – Asset Classification. This document will list all known assets and assign them to a specific class and subclass.

Data Standards

The use of data standards will greatly improve the collection and storage of data utilized by the HCA. By formalizing practices that are used industry wide, the HCA can expect to have accessible data that is gathered efficiently.

- Datasets

For clarity and efficiency, there will be two datasets created for the Asset Inventory. The primary asset dataset will be applied to every asset included in the Asset Inventory. This dataset will include general information, such as the asset name, service, location, and condition.

| Primary Asset Dataset |
|----------------------------------|
| Asset Name |
| Description |
| Class |
| Subclass |
| Location (P Number) |
| Criticality |
| Year of Purchase or Construction |
| Remaining Life (Estimated) |
| Est. Cost @ Purchase |
| Est. Cost to Replace |
| Disposed (Y/N) |
| Life Cycle Cost to Date |
| Condition Grading Scale |

The secondary asset dataset will be a custom dataset that is created for specific assets. Assets such as buildings, bridges, or machinery are too intricate to be assigned a single condition rating and require more attention to individual components of the asset. For example, the 'Buildings' secondary dataset will include information on the foundation and wall structure, which apply to all buildings. These components will be assigned their own condition ratings, descriptions, and other Life Cycle information.

| Secondary Asset Dataset – Buildings (Example) |
|--|
| Foundation |
| Wall Structure (Interior) |
| Wall Structure (Exterior) |
| Cladding |
| Roof Assembly |
| Doors |
| Lighting |
| Electrical Panels |
| Flooring |
| Security (locks & alarms) |
| Plumbing |
| W/C |

It is important to note that the primary dataset will still apply to assets that have a secondary dataset.

- **Asset Identification Naming Convention**

A key component for storing data is having a standard naming convention that can be applied to any asset. Once a user becomes familiar with the system, any asset can be easily identified, and new assets will fit into the Asset Inventory seamlessly. Using data from the primary asset dataset, a new designation will be given to assets for identification. Since the data for the designation comes from the primary dataset, the designation will apply to all HCA assets.

Information Life Cycle

The Information Life Cycle is an asset management tool developed by the Institute of Asset Management. The Information Life Cycle allows an organization to effectively manage data and information. Just like the assets themselves, information has a life cycle that changes over time. Figure 6 shows the entire Information Life Cycle from beginning to end. If information is not maintained, the confidence in data degrades until it cannot be relied upon. While Data Standards look to conform the storage of data in a particular way, the Information Cycle evaluates the usefulness of such standards and beyond.

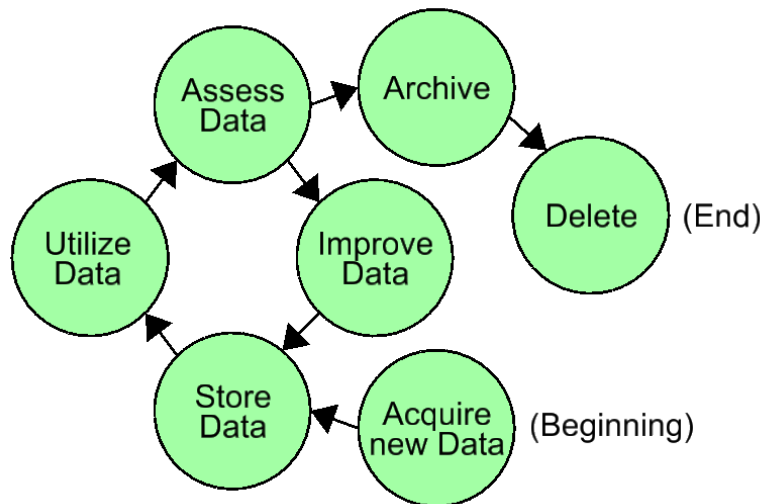


Figure 6 - Information Life Cycle (Referenced from The Institute of Asset Management SSG 22, 23 & 25 – Asset Information, Strategy, Standards and Data Management)

- **Acquire new Data**

The acquisition of new data is the first step in the Information Life Cycle. In some cases, data may already be available for a certain asset category. With the introduction of the AM Program, all data will be reassessed as if there was no previous data. Old data may still be used to verify or ‘double-check’ newly acquired data, however, should not be relied upon due to low data confidence. Data points like Year of Purchase or Estimated Cost at Purchase are variables that may be difficult to obtain at times, which old databases and archives can assist with.

One of the largest problems the HCA faces is verifying that all assets have been accounted for. As previously mentioned, the HCA has about 4400 hectares of land. To cover such a massive area, park staff (Conservation Area Services), Central Support Services, and the AMG will need to coordinate data collection strategies to ensure the entire watershed has been accounted for. Additionally, to make sure that all of this newly acquired data meets the new standards, a new asset data form will be created to assess and register assets. This form will be similar in structure to a work order; key information and data is collected, then issued to the AMG for the storage of data.

- **Store Data**

In the early stages of development, the Asset Management Coordinator will be solely responsible for the creation of a new database/inventory with new data obtained. The Coordinator will consult the AMG to ensure that the standards are being followed correctly and assess any potential gaps in the Asset Inventory. Depending on the asset and its complexity, a secondary dataset may need to be developed to gather data on core components. The AMG will review the secondary datasets to ensure all required components are being evaluated.

Another way data will be stored (and acquired in some cases) is through the use of GIS mapping. The HCA has an extensive database of GIS layers and orthographic photos that will greatly benefit the AM Program. Some maps have already been created for assets (buildings, parking lots, utilities, etc.) that the AM Program will look to expand upon and revise as necessary. The goal of the revised GIS maps is to allow users to locate the location of an asset and review any supplemental information that can only be observed in mapping. For example, some HCA Land Improvements may fall under special legislation, such as the Niagara Escarpment Plan, or Ontario Heritage Act, which may change how an asset is maintained.

- **Utilize Data**

The Data from the Asset Inventory will not only be used for the AM Program, but also for business practices across the HCA.

- **Assess Data**

Assessing the data obtained is an important step to continuously improve and sustain the Asset Inventory, and the asset management program as a whole. Once the data collected for the Inventory is utilized, it may become apparent that certain data points are redundant and do not drive any decisions. Some data points that were previously not collected or were not considered in the initial datasets may be discovered in the utilization process. It will be the responsibility of the AMG to assess data on a use case basis to ensure high data confidence and implement new strategies for data gathering if need be.

- **Improve Data**
Data will be improved upon as the AM Program is developed. The initial Asset Inventory and subsequent AMP will utilize a baseline of data that encourages improvement. Condition ratings, critically, and other data points will be implemented its most basic form. Asset Management has long term implications and shouldn't be rushed, and by slowly developing data parameters and experimenting with different datasets, it will become evident what works for the HCA and what doesn't.

State of Local Infrastructure & Physical Condition Scoring

The physical condition is one of four main subsets that evaluate the performance of an asset. It is the most important subset to assess when evaluating Land Improvements, as it provides insight into the nature of a possible failure or timing of a possible failure. Since the HCA manages public spaces which promote recreational activity, it is critical to evaluate how reliable and safe a piece of infrastructure is. The three other subsets, capacity, functionality, and affordability are to be addressed in the Phase 2 of the AM Program.

The first iteration of condition scoring will be done using a simple 0-5 scoring system (see figure 7). For most assets, understanding the current age will be a sufficient grading scale. However, some assets are more critical in nature, and will need to be more thoroughly reviewed. Secondary datasets can assist in understanding the components of an asset and their condition. Additionally, condition indexes from third party consultants can be utilized for grading purposes. It will be noted in the primary dataset what grading scale is used for condition score (age, third party index, etc.)



Figure 7 – Physical Condition Scoring. 0 = Unknown, 5 = Very Good

The purpose of this section is to provide a foundation for condition scoring. The details of the 0-5 scoring system will be explained and expanded upon during the creation of the Asset Inventory. Once the HCA is at a certain level of maturity with evaluating asset condition, alternative or more advanced matrices can be created.

7. Continuous Improvement, Future Phases & Optimization

The AM Program will be divided into multiple phases, with the intention to slowly build up to an all-encompassing AMP. The sections explored above (Governance, Data Management, Asset Inventory, etc.) highlight Phase 1 objectives. Appendix A contains a high-level schedule of the approximate time it will take to complete Phase 1. The following topics and sections are planned to be developed in later phases of the AMS.

Criticality

Criticality is a unique topic, as it needs to incorporate other information aside from the Inventory datasets. Criticality depends on context; service provided, risk exposure, and financial planning are all related to the criticality of an asset. In order to confirm the criticality of an asset, the AMG will need to first develop the risk-management matrix and associated documentation.

Risk Management & Performance

Due to the nature of how the HCA operates, there are many internal and external factors that can affect the performance of an asset. These factors, whether they are predictable or not, need to be understood to avoid any catastrophic failures in performance. The goal of risk management is to assess which risks the HCA finds unacceptable and implement plans to mitigate that risk. A Risk Matrix, along with Decision Criteria will be developed to determine Business Risk Exposure. To help evaluate Risk, the three other subsets of performance (capacity, functionality, and affordability) will have data gathered for them.

Life Cycle Activities (Operation & Maintenance)

Life Cycle Activities are already actions that are executed by the HCA, but the background and information that drive the decision making is quite different. Risk-based decision making provides objective reasoning for implementing Life Cycle Activities. The primary activities are listed below:

- Operate – standard operational activities.
- Maintain – activities to retain asset condition to enable adequate performance.
- Refurbish – more rigorous maintenance activities to ensure adequate performance.
- Upgrade – activities to provide a higher level of service capability.
- Renew – activities that return the asset to the original service capability.
- Disposal – activities that remove an asset from the life cycle.
- Acquire - activities that provide a new asset.

The strategies to implement these Life Cycle Activities will be developed more thoroughly in separate documentation.

Financial Management

Due to the nature of how the Hamilton Conservation Authority generates revenue, finding the necessary funding to execute the Life Cycle Activities can be challenging. Financial management uses all the available asset data to forecast potential funding over a 10-year cyclical period, as well as current funding gaps. The current management of capital expenditure is suitable for operations but can be enhanced with proper financial planning and asset management prioritization.

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Appendix A - Roadmap

| | Asset Management Program - Roadmap & Maturity Levels | | | | | | | | | | | |
|-------------------------------------|--|---|----------------------------------|--|-----|--|------|---------------------|-----------|---------------------|---|---|
| | 2024 | | | | | | | | | | | |
| | January | February | March | April | May | June | July | August | September | October | November | December |
| Asset Management Strategy | AMS Phase 1 - Development & Internal Consultation | | | B&A Report & Final Draft | | | | | | | | |
| Data Standards | | Development & Dataset Concepts, Asset Form Creation | | Datasets and Asset Form Complete | | | | | | | | |
| Asset Classification | Initial Development | Development of Hierarchies and Classes | | Asset Classes Confirmed | | | | | | | | |
| Asset Management Working Group | | Member Selection & Roles | | Initial meeting | | Bi-monthly meetings commence | | Bi-monthly meetings | | Bi-monthly meetings | | Bi-monthly meetings |
| Asset Inventory - Land Improvements | | | Inventory Scale & Implementation | Distribution of Maps to Park Staff - Locating Assets | | Verification of Land Improvement Assets - Primary Dataset complete as possible & & GIS Mapping | | | | | Consolidate all data into Inventory Database | Baseline Inventory Complete |
| | 2025 | | | | | | | | | | | |
| | January | February | March | April | May | June | July | August | September | October | November | December |
| Asset Management Working Group | | Bi-monthly meetings | | Bi-monthly meetings | | Bi-monthly meetings | | Bi-monthly meetings | | Bi-monthly meetings | | Bi-monthly meetings |
| Asset Inventory - Land Improvements | Condition Evaluation, Seoncdary Datasets & GIS Mapping | | | | | | | | | | Detailed Land Improvements Inventory Complete | Optimise Approach for other Asset Classes (Phase 2) |

| Maturity Level | Description |
|----------------------|--|
| Level 0 - Innocent | The HCA has not recognized the need for this requirement and/or there is no evidence of commitment in place. |
| Level 1 - Aware | The HCA has recognized the need for this requirement, and there is evidence to progress it. |
| Level 2 - Developing | The HCA has identified how to achieve the requirements set out, and can demonstrate progress towards the goal. |
| Level 3 - Competent | The HCA can demonstrate that is systematically and consistently achieves the goals originally set out. |
| Level 4 - Optimising | The HCA can demonstrate that it is continuously improving their asset management program. |
| Level 5 - Excellent | The HCA can demonstrate that it employs the leading practices, and achieves the maximum value from the management of its assets. |

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Appendix B - Asset Classification

| Asset Classification - Land Improvements | |
|--|---|
| Subclass | Land Improvement Assets |
| Structures | Buildings Pavilions Docks Platforms Stairs Retaining Walls (min. 1m tall or larger) Entrance Signs (w/ Frame & Footings) Bridges Boardwalks |
| Access Control | Gates Fencing |
| Roads & Trails | Roads Trails Culverts (min. 24" diameter or larger) Parking Lots |
| Utilities | Water <ul style="list-style-type: none"> - Water Mains - Fire Hydrants - Backflow Preventers - Water Meters - Wells Gas & Propane <ul style="list-style-type: none"> - Gas Lines - Propane Tanks - Gas Meters Hydro <ul style="list-style-type: none"> - Hydro Lines - Transformers - Light Poles Communications <ul style="list-style-type: none"> - Internet & Phone Lines - Satellite Dishes - Antennas & Towers Sanitary & Storm <ul style="list-style-type: none"> - Septic Tanks & Systems - Sewer Mains |
| Mechanical Equipment | Hot Water Tanks Boilers Backup Generators Roof Top Units Furnaces Vehicle Lifts Pay & Display Machines* Charging Stations* Fuel Tanks (for vehicles)* Autogates* |

* May be moved to Purchased Assets Class

| Asset Classification - Purchased Assets | |
|---|---|
| Subclass | Purchased Assets |
| Fleet & Machinery | Trucks SUVs & Cars Utility Vehicles Boats & Cradles Mini Excavators Marine Lift Septic Truck Dump Trucks Tractors Loaders Trailers |
| Small Equipment | Lawn Mowers & Trimmers Snow Blowers Chainsaws Handheld Power Tools |
| Fixtures, Furniture & Stationary Equipment | Typical Office Furniture (desks, chairs, tables, etc.) Filing Cabinets and Storage Racks Outhouses (Portable Toilets) Eyewash Stations |
| Computers & Software | Computers Display Systems IT Infrastructure (servers, modems, etc.) Phones Major Software Office Equipment (Printers, Plotters, Copiers, etc.) WMS Equipment (aquatic monitoring, invasive species, etc.) CAPSS Equipment (total Stations, GNSS unit, etc.) CAS Equipment (cash registers... etc.) CCTV Systems Alarm Systems |

Plumbing fixtures will be counted as part of the "Buildings" asset in Land Improvements

Fleet and Machinery assets can be described as items that generally have a motor or engine, or are accessories of such assets.

End of Appendix B

Report

TO: Budget & Administration Committee

FROM: Lisa Burnside, Chief Administrative Officer (CAO)

RECOMMENDED & PREPARED BY: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: April 18, 2024

RE: Hiring of Contract Employee to Support Mandatory Compliance with New Public Sector Accounting Asset Retirement Obligations

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

THAT this report on the new Asset Retirement Obligations be received for information; and further

THAT in order to achieve compliance with the Public Sector Accounting Board's newly instituted PS 3280 Asset Retirement Obligations requirement, a contract employee be added to the Finance department's complement, funded through reserves as needed.

BACKGROUND & PURPOSE

Recently, the Public Sector Accounting Board (PSAB) introduced its new PS 3280 Asset Retirement Obligation (AROs) requirement. An ARO describes a current estimate of the future costs to be incurred to meet the legal obligation associated with the full retirement of a current tangible capital asset, where a company will be responsible for removing building materials, equipment and cleaning up associated hazardous materials at some future date. AROs should be included as a liability in the current financial statements to present a more accurate and holistic snapshot of the organization's overall value. December 31, 2023 is the first fiscal year to be impacted.

This report is coming forward to advise that HCA will not be compliant with this new standard for the 2023 financial year and, as a result, will have a qualified audit opinion for non-compliance with this standard from our auditors. While not desirable, it is generally acknowledged that changes of this magnitude often require additional time to reach full compliance and if the organization demonstrates it has a plan of action to attain compliance in a reasonable length of time the issue goes no further than the qualification. This is comparable to when the new standard for tangible capital assets was released and many organizations, including HCA, required additional time to undertake assessment and implementation for compliance.

As part of staff's action plan, staff are proposing the hiring of a contract employee primarily to assist HCA in achieving compliance with the new standard but also to drive enhancement and modernization of our financial framework. Modernization has been identified as a key area to improve financial business processes and enhance capacity for business reporting overall, particularly given the increasing complexity with tracking legislative requirements under the CA Act related to costs for mandatory and non-mandatory programs and services as well as the new ARO.

STAFF COMMENT

HCA, in order to recognize which assets are impacted by the changes and properly estimate the liability, are proposing to follow the approach as outlined below:

| | |
|-------------------------------|---|
| Step 1: Identification | Identify items that are within the scope of Section PS2380 |
| Step 2: Recognition | For each item in scope, determine if it meets the recognition criteria in PS3280 |
| Step 3: Measurement | For each item that meets the recognition criteria, determine an appropriate estimate of the ARO |

Typical examples of asset retirement obligations which may fall under the scope of PS 3280 include:

- Closure and post-closure obligations associated with landfills.
- Buildings with asbestos.
- End of lease provisions (from the perspective of the lessee).
- Decommissioning of fuel storage tanks, fire water holding tanks, or septic beds.
- Removal of radiologically contaminated medical equipment.
- Sewage or wastewater treatment facilities.

Contract employee for additional support

To ensure actioning of this process and compliance with PS 3280 and to further effectively manage our asset retirement obligations, it has been identified by staff that additional resources are required to be dedicated to this endeavor. Staff are therefore proposing the hiring a contract accounting employee to assist in the following key areas:

- 1) **Comprehensive Assessment:** Conducting an assessment of HCA's tangible capital assets to identify potential asset retirement obligations, determining if it meets criteria and associated liabilities. This will be undertaken in collaboration with staff from other divisions in the HCA (conservation area services, capital projects, and watershed management), along with any external consultant/experts as needed to help contribute to identifying and quantifying ARO liabilities.
- 2) **Valuation and Measurement:** Collaborating with relevant stakeholders to determine a reasonable estimated value of asset retirement obligations and ensuring accurate measurement in accordance with PS 3280. Cost in scope will include indirect costs such as removal of asbestos or storage tanks. Costs out of scope and not considered include routine maintenance/replacements, selling or disposal, or preparing the asset for alternate use.
- 3) **Documentation and Reporting:** Establishing documentation processes and preparing accurate and transparent financial reports that comply with PS 3280 disclosure requirements.

Additionally, the contract employee will help support the Director of Finance to improve financial business processes, staff capacity within Finance, along with any other support as required.

STRATEGIC PLAN LINKAGE

The initiative refers directly to the HCA Strategic Plan 2019 - 2024:

- Strategic Priority Area - Organization Excellence

AGENCY COMMENTS – N/A

LEGAL/FINANCIAL IMPLICATIONS

HCA has an adequate human resources reserve that can be utilized to support the additional expense of the contract employee as well as an operating reserve providing for any ARO obligations as required.

CONCLUSIONS

HCA must consider the impacts of the new ARO standard and how we can become compliant to account for and report a liability for asset retirement obligations that fall under the standards. Conservation Authorities are in various stages of review and implementation across the Province. The hiring of an additional contract staff person will provide support needed to achieve compliance and also provide further support for the Director of Finance to help modernize and improve financial reporting.